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BUSINESS ENVIRONMENT IMPROVEMENT PROJECT

SEMI-ANNUAL REPORT #2
OCTOBER 2007 – MARCH 2008

April 9, 2008

This report was produced for review by the United Agency for International Development. It was prepared by the USAID Business Environment Improvement Project implemented by The Pragma Corporation.

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Contract Number: 176-C-00-06-00007

CTO/USAID/CAR: John Irons
Irina Krapivina
PROJECT MANAGER: Mohammad Fatoorechie
Chief of Party: Terence Slywka

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The Business Environment Improvement Project (BEI) is pleased to submit its 2nd semi-annual report to USAID detailing progress and achievements for the period October 2007 – March 2008. The report is divided into two sections – the first section reporting country-specific highlights; and the second - reporting on progress toward achieving specific work plan objectives and results.

During February, 2008, BEI welcomed aboard Olga Moreva, Regional Technical Advisor. Olga will be based in Bishkek, Kyrgyz Republic, with regional travel as needed to assist BEI teams and counterparts in Kazakhstan and Tajikistan.

KAZAKHSTAN

Building on the success of Year 1, BEI in Kazakhstan continues to establish and develop working relationships with key Government and private sector partners to drive current and future reforms, such as with the Ministry of Justice, Ministry of Industry and Trade, and the Tax Committee. BEI seized the opportunity to greatly increase its cooperation with Prime Minister Masimov and his office through the presentation of the analysis of Public Service Centers completed with the Ministry of Justice in the first year. With the positive attention received from the Prime Minister, BEI is driving interest in future reform objectives through results-oriented strategies using WB Doing Business Indicators and other measures to address priorities based on government and private sector demand. BEI expects that the direct involvement of the PM in his new Committee on Business Environment Improvement will facilitate essential cross-ministerial reforms in the coming years.

Private-sector partners have been heavily engaged with both national and local reform efforts, providing valuable pilot analyses and reform experience that BEI will facilitate to the national level during the remainder of the year. Estimated economic impact, through BEI partners and subcontractors, is over \$88.4 million to date. The BEI KZ subcontractor strategy was officially extended through a successful tender, with subcontractors in Oral, Oskemen, Shymkent, and Astana. Updates to the KZ work plan reflect private-sector and government demand, and anticipate a highly active second half to the 2007-2008 project year.

TECHNICAL

- BEI and the Ministry of Justice (MoJ) concluded initial monitoring of Public Service Center (PSC) recommendation implementation in 6 pilot cities, focused on increasing employee skills and reducing work-errors, showing positive changes in the quality of PSC performance. BEI will continue to support the MoJ in the creation of an interactive training system for all PSCs, due to start in late 2008. Results are currently being prepared for presentation and report to the MoJ in late April. - **KZ 01**
- BEI and partners, including the Forum of Entrepreneurs, Center of Development of Business, and the Association for Protection of Entrepreneur's Rights in Astana, completed review of administrative barriers to obtaining licenses in one-stop shops. The research was conducted in Almaty, Astana, Karaganda, Taraz, Rudnyi, Oral, Petropavlovsk, and Pavlodar and in all cities included licensing of construction, secondary metallurgy, and tourism activity. In each city, additional licensing areas were chosen by the local partner for analysis. BEI is finalizing the analysis of results and will present recommendations in late April to the Ministry of Economics and Budget Planning. - **KZ 02**

- During March, BEI finished its analysis of construction permitting in Kazakhstan with the assistance of international experts Sherry Khan and Tato Urdzhumeshvili. The results and recommendations were presented to the Department of Architecture and Ministry of Industry and Trade in Almaty. Results and recommendations from this analysis have been used in BEI's presentations on WBDB process reform for PM Masimov and the DB working group, and will be presented to the national construction working group and PM Committee in April. - **KZ 03, KZ 09**
- BEI and the Forum of Entrepreneurs of Kazakhstan, with the support of the Prosecutor's Office, presented to the Prime Minister in January recommendations on the elimination of illegal inspections, including a request for a moratorium on inspections of SMEs. The moratorium was quickly adopted resulting in an estimated savings of \$81.5 million. - **KZ 04**
- Additional support for inspections reform was started through a public advocacy campaign, "Business and Inspections", organized by business associations and supported by the BEI Project. The campaign is expected to build public support across Kazakhstan for the elimination of "p.p. 18-19 of article 38 of the Law on Private Entrepreneurship", which enables numerous unregistered inspections. Press conferences took place during February and March in Almaty, Shymkent, and Oral to inform the public about the "Business and Inspections" campaign, and it is supported by the site www.proverki.kz, developed with BEI assistance. Also, a survey of entrepreneurs on inspections was performed, with results to be presented to the public and Government in April. A draft brochure for entrepreneurs on inspections has been completed and is expected to be published in April. - **KZ 04, KZ 08**
- At the request of Prime Minister Masimov in December, BEI and the Forum of Entrepreneurs developed a rapid reform list. This list of over 263 recommendations was presented to the Government, and included major recommendations on tax and tax administration reform, reductions in inspections and changes to the relationship between government and business, and licensing types and procedures. - **KZ 04, KZ 05, KZ 06, KZ 08**
- Based on results from the tax survey and at the request of the Tax Committee, BEI recruited subcontractor ITIC to provide 1 international and 2 local consultants for analysis of cameral tax inspections and recommendations on reforms for the reduction of tax document requirements. ITIC's second interim report was received March 11, and based on comments by BEI and the Tax Coordination Group a final report is due in April, for presentation in May at a round table for the Tax Committee and the tax code working group. The Tax Committee has also requested that the Coordination Group, including businesses, associations and organizations, including BEI, prepare for the second tax administration survey in July. - **KZ 05**
- BEI assisted the Independent Association of Entrepreneurs of West-Kazakhstan Oblast, in partnership with the Tax Committee of West-Kazakhstan, to receive permission for the use by WKO entrepreneurs of mediums other than 3.5" computer disks, when filing tax documents electronically. Due to the additional costs incurred from very high failure rates with 3.5" disks, this easy change is estimated to save 15,800 businesses a total of over \$5.8 million per year. BEI will facilitate duplicate changes through the remainder of the partner network. - **KZ 05, KZ 08**
- BEI prepared the survey report on property registration processes and retained an expert to analyze the Law "On State Registration of Title to Real Property and Transactions". The analysis is expected to be completed in April, with the report and recommendations on simplification of procedures and legislative changes presented to the Ministry of Justice in May 2008. BEI and partners plan round tables on real estate and property registration problems in Oral (April), Shymkent (May), and Astana (June). - **KZ 06, KZ 08**

- BEI assisted the Independent Association of Entrepreneurs of West-Kazakhstan Oblast and the WKO Akimat to streamline land-plot registration procedures, saving an estimated \$960,000 for the 3,200 applicants per year affected by the change. BEI will work with other partners to facilitate similar changes throughout other oblasts. - **KZ 06, KZ 08**
- BEI presented recommendations for amendments to the Law “On Bankruptcy” on December 25, 2007, to the Parliamentary working group. One major recommendation focused on introduction of a procedure for external monitoring at the beginning of the bankruptcy process with a court decision. This will give the external monitoring manager the ability to review the financial state of the company and prepare for either rehabilitation or liquidation procedures. The recommendations were further presented to the working group by Parliament Deputy Mr. Doskalov on January 16, 2008. Parliament is currently considering the amendments, and is expected to make a decision soon. – **KZ 07**
- Together with Kazakhstan Tourist Association (KTA) BEI led opposition to provisions in the draft Law "On Modification and Additions to the Law ‘On Tourist Activity’” that imposed new licensing and permitting requirements on tourism businesses. BEI provided additional recommendations on the draft to remove the provisions and other contradictions with existing law. As a result the draft has been returned to the Mazhilis for revision based on the recommendations, and is currently under review by the working group, which includes KTA with BEI support. - **KZ 08**
- In March, BEI completed its subcontractor tender for partners in 4 cities (Astana, Oral, Oskemen, and Shymkent), successfully selecting a qualified applicant from each city. Tender winners are: the Association for the Protection of Entrepreneur’s Rights in Astana; the Independent Association of Entrepreneurs of West-Kazakhstan Oblast, in Oral; the Foundation for Informational Support of Society Development, in Oskemen; and Business Incubator “SodBi”, in Shymkent. - **KZ 08**
- On March 3 and 14, BEI conducted presentations for Prime Minister Masimov and the Committee for Business Environment Improvement with detailed reform recommendations for 5 WBDB processes: business registration, liquidation, taxes, construction licensing, and property registration. As a result, the Prime Minister ordered the Committee to focus on these 5 areas, plus issues concerning BEI-supported reforms in licensing and inspections. BEI expects the Committee to develop detailed action plans to implementing these recommendations by May. - **KZ 08, KZ 09**
- With BEI support, business associations from Almaty, Astana, Oskemen, Oral, and Shymkent developed two pilot advocacy campaigns: one on inspections (see KZ 04), and the second on regulatory impact analysis in legislation development. The inspections campaign is planned to be short-term, lasting until September-October 2008, and the RIA campaign is expected to be long-term and continue into 2009. During February, this campaign developed and provided an initial training on international RIA experiences for the associations participating in the "Business and Inspections" campaign. This training is further intended for other partners and with government in Shymkent, Astana, Oral, and Oskemen. - **KZ 08, KZ 10**
- BEI assisted the WB in validating results from the Doing Business regional sub-national study, in the cities of Astana, Aktobe, and Oskemen, where BEI led meetings with government to verify indicator data relating to opening a business, registration of property, licensing (construction-related), and import-export. When the report is published, BEI will assist state and local partners in prioritizing reforms based on the report. - **KZ 09**

UPCOMING EVENTS

- BEI's presentation of the monitoring report on PSC activity to the Ministry of Justice is tentatively planned for late April – early May, in Astana.
- BEI is planning roundtables in April - May with business associations and government bodies to discuss the results of PSC recommendation implementation monitoring, followed by a presentation of the final report with further recommendations to the Prime Minister's committee.
- BEI and the "Business and Inspections" campaign plans a press conference in Oskemen, on April 2.
- BEI and the "Business and Inspections" campaign plan a round table in Astana on April 14 with the State Public Prosecutor Office and Ministry of Industry and Trade concerning inspections recommendations and changes to legislation regarding inspections.
- BEI is planning roundtables on licensing on April 22 in Almaty with private sector partners, and during May in Astana with the Ministry of Economy and Budget Planning.

KYRGYZ REPUBLIC

Building on the strong relationship BEI established with ex-Prime Minister Atambaev, BEI smoothly transitioned to working directly with Prime Minister Chudinov following his appointment in December 2007. BEI continues to work closely with key partners and increase cross-cutting cooperation with the Kyrgyz Government, Parliament, and private sector counterparts. Cooperation has been particularly effective in furthering implementation of the Inspections Law, legal drafting, and tax reform.

BEI seized the opportunity presented by the visit by WBDB director Simeon Djankov, and in coordination with his team, provided targeted presentations for the rapid development and implementation of DB process reforms. Presentations by BEI and the WBDB team precipitated an aggressive spring-summer reform agenda by the KR Government, the "100 Days of Reform", with the full support of the President and PM, which holds potential for great advancement in Kyrgyz 2009 rankings and beneficial economic impact for entrepreneurs. BEI's work plan continues to correspond to the desired directions articulated by the government and private sector, while permitting flexible responsiveness to new opportunities.

TECHNICAL

- On February 27, BEI presented to Government counterparts a detailed plan for improving Doing Business rankings over the next 2.5 years, via reforms to 5 targeted indicators. Thereafter, during the week of March 11 – 15, BEI and WBDB Program Director Simeon Djankov developed and presented a "100 Days of Reform" proposal to the Prime Minister. As a result, on March 20, a high-level inter-agency working group was created, with BEI membership, to develop and facilitate reforms. BEI is also engaging the USAID RTLC Project and the Ishenim Credit Information Bureau (originally supported by EBRD/USAID CAMFA) in the work to improve 2 of the 5 target indicators (Trading Across Borders and Getting Credit). Immediate action reforms are expected by June 1.
- The Prime Minister signed Resolution #533 on November 6, 2007, approving the "Regulation on Uniform Procedure for Conducting Inspections" that incorporates recommendations from BEI and the Expert Group. Resolution #553 eliminates remaining discrepancies between the Inspections Law

and the Regulation, brings the Regulation into effect, and repeals 18 normative legal acts relating to inspections. – **KR 01**

- BEI assisted the Union of Entrepreneurs, via a grant for their inspections violation hotline, to uncover and successfully protest through the Prosecutor's Office an illegal inspections regulation by the Bishkek Mayor's Office. Defeating these illegal inspections is estimated to save Bishkek small and medium businessmen over \$235,000 a year. – **KR 01**
- BEI rendered consultative assistance to create a streamlined structure of the Government and the Prime Minister's Office. This activity involved an international expert, Christian Fillipov, whose recommendations were presented to and approved by the PM and Department of Economic and Social Policy in early March, and are now the basis for a new draft structure of the Office. – **KR 01, KR 02, KR03, KR 04, KR 05, KR 06**
- The new draft Tax Code, developed with BEI support and completed on March 31, 2008, has been submitted to the Government and is expected to be sent to Parliament in April 2008 following anticipated government approval. BEI support to this draft included:
 - facilitation during October, 2007, of the original meeting between the President and the Union of Entrepreneurs of Kyrgyzstan, which resulted in the creation of the public-private working group to draft this third edition of the Tax Code;
 - provision of a "working retreat" for the group that sped up the drafting process, and;
 - BEI contribution of consultation and legal advice, including country staff and 1 international and 3 local experts to advise the working group.

The draft includes extensive revisions and controls to both reduce taxes and simplify the code and associated administrative burdens both on government and taxpayers. Among these changes are:

- reduction in VAT from 20% to 12%, and sales tax from 4 to 2%;
 - restructuring of the "uniform tax" on small businesses under the simplified system from categories of 5, 6, and 10%, to a scale of 4% and 6%;
 - reduction of opportunity for corruption and confusion through clear definitions for tax reporting procedures, document preparation requirements, and tax control rules; and,
 - improvements to tax administration, providing leniency for good-faith taxpayers and improved compliance measures for taxpayers.– **KR 01, KR 06**
- On March 20, 2008, The Ministry of Economic Development and Trade (MEDT) and State Architecture and Construction Agency approved the BEI-recommended action plan for improving procedures for issuance of construction permits. The action plan includes an inventory of construction-related normative legal acts to identify ones for repeal or amendment, a review of the costs of state services in construction, and development of a draft Government resolution and a regulation "On Procedure for Implementing Investment and Construction Plans" to provide for the introduction of the simplified procedures for state architecture bodies and reduction in time required for completion. The inventory is scheduled to be completed in April, and the review state services and development of the draft resolution and regulations by May. – **KR 03**
 - On March 31, 2008, the Ministry of Justice's inter-agency working group completed the draft law "On Registration of Legal Entities". However, the Government instructed the group to improve the law further, in accordance with BEI recommendations and the "100 days of Reform" campaign, and to introduce the one-stop shop principle along with the improvements on simplifying the procedures by May 1 so that this draft of the Law can be adopted by the same date. – **KR 04**

- During November 2007, 18 business associations created the union “National Alliance of Business Associations” to further unite the business community and intensify efforts to improve the business and legal environment. – **KR 06**
- In March, with BEI support, the Osh City Mayor’s Office, the Mayor’s Office formed an independent, public-private Council for Public Expert Examination under the Osh Mayor. The Council’s order of procedure and regulations have been drafted, and it will discuss and develop recommendations for Osh province and city, to improve the region’s business environment, draft legislative acts, and enhancing the legal and regulatory knowledge of businesses. – **KR 06**

UPCOMING EVENTS

- BEI expects to arrange a meeting in late April 2008, between donors and the PM to discuss overall medium- and long-term plans for business environment development.
- On April 30, 2008, BEI expects to arrange a round table for members of Parliament, ministers and deputy ministers on improving WBDB indicators.
- In early May, Mr. Bindukidze from Georgia and his WBDB Team will arrive in Bishkek to meet with Prime Minister Chudinov and Minister of Economic Development and Trade Japarov to discuss the systemic nature of reforms as part of the improvement of Kyrgyz Republic’s DB ranking.
- On May 29-30, 2008, BEI plans a round table presentation for Parliament on RIA Methodology.
- During June 2008, BEI plans to participate in the Investment Council’s meeting to discuss results from work on improving KR’s WBDB ranking, including activities of the “100 Day of Reform” campaign, and optimization of the construction licensing and permitting system.
- BEI expects that the initial meeting of the Consultative Council under the State Committee for Taxes and Charges will be held to organize its work and set its future direction.

TAJIKISTAN

Building on strong government and private sector relationships developed in the first project year, BEI in Tajikistan continued to support licensing reform with the World Bank, and continued excellent working relationships with the State Committee for Investment and State Property Management. The collaborative relationship with the State Committee continued with the appointment of a new Chairman, Mr. Farrukh Khamraliev, in January 2008. Additional positive cooperation has developed either directly, such as with state construction bodies, or indirectly through BEI partners, such as with the National Association for Small and Medium Business and the Tax Committee.

While the openness of the Tajik Government continues to present challenges, BEI’s result-oriented strategy using World Bank Doing Business Indicators and additional measures to drive reform garnered high praise and a request from State Committee for a detailed implementation plan for the Government. BEI is identifying both short- and long-term reform opportunities in alignment with Poverty Reduction and Development Strategies and in collaboration with other partners including the World Bank, IFC, DFID, and other USAID projects. In addition to the potential for DB Indicator improvement, BEI and partners have facilitated over \$2.5 million in estimated economic impact to date, with further strong reforms pending evaluation.

TECHNICAL

- Several international organizations have agreed to draft a strategy for establishing a private sector development coordination unit in an effort to create more uniform promotion of reforms. The proposed strategy calls for the Coordination Unit to be managed by IFC/DFID/SECO and would attempt to integrate the activities of all other donor projects working in the business environment—including BEI and other USAID projects, and would further coordinate their activities in connection with the SCISPM. Currently this strategy is under review by various international organizations. BEI has made several comments and voiced concerns about specific aspects of the draft, and has provided recommendations directly to USAID and DFID for further consideration.
- BEI on March 6, 2008, provided the SCISPM, with a detailed presentation of proposed strategy for reforming WBDB processes in Tajikistan, showing current processes, reductions, and reforms feasible with BEI assistance to improve country ranking. In addition to the SCISPM, 32 representatives from other government agencies, the private sector, media, and international organizations attended. BEI presented in collaboration with IFC 5 areas for reform, corresponding to the WBDB indicators of:
 - Starting a Business,
 - Closing a Business,
 - Paying Taxes,
 - Dealing with Licenses, and
 - Protecting Investors.

Although in Tajikistan some Government bodies negatively perceive research such as the Doing Business survey, this reform presentation was universally well-received, and attendees concluded that most of the Doing Business indicators and improvements presented are included in the Poverty Reduction Strategy and the National Strategy of Development of Tajikistan, where Government agreement has already been reached to pursue these types of reforms. SCISPM has requested BEI to develop a detailed coordination action-plan for implementing the presented reforms and to submit it at the end of April for review. – **TJ 01, TJ 02, TJ 03, TJ 04, TJ 05**

- On December 19, 2007, Presidential decree #356 called for the creation of a Consultative Council under the President on “Improving the Investment Climate in Tajikistan”. This Consultative Council is funded by EBRD and will be headed by the President, with the inclusion of the Prime Minister, the Chairman of the SCISPM, two representatives from international donor organizations, one foreign investor, and two representatives from the private sector. BEI initially expects to be represented indirectly on this Council through its participation in the Coordination Unit of International Organizations. – **TJ 01**
- In December, BEI supported private sector participation in a business environment and investment climate meeting between entrepreneurs and President Rahmon organized by the State Committee on Investment and State Property Management. As a result, the President defined the following areas as top priority for reform: (1) joining the WTO, (2) creation of SEZs, (3) simplifying registration, (4) tax reform, and, (5) access to credit. - **TJ 01, TJ 03, TJ 04, TJ 05, TJ 07**
- BEI, public and private sectors, and other international organizations conducted several focus groups on investment climate improvement issues, resulting in a strategy for working with the Investment Consultative Council under the President, through the Secretary of the Council. In implementation of this strategy, BEI developed an analysis on the investment climate and legislation on investments,

to be submitted for consideration to the Secretary and Government structures in mid-April, 2008. In order to ensure maximum reform promotion, BEI is coordinating its activities with the Asian Development Bank, DFID, EBRD, and IFC—all of whom also have investment climate reform projects and are interested in macroeconomic stabilization within Tajikistan. – **TJ 01**

- Based on the construction guide and meetings with private sector companies, the State Investment Committee, Agency on Architecture and Construction, State Expertise, and State Land Committees, international expert Sherry Khan developed additional recommended future reforms. Her meetings with Government garnered valuable support from that side, which will be important during implementation of reforms. Ms. Khan’s final report and recommendations are expected in April. An additional analysis developed by local experts reviewing construction normative legal acts has identified numerous contradictions in legislation, and a final report incorporating BEI feedback will be submitted to Government in May 2008. – **TJ 02**
- On January 25, 2008, in Khujand, the first conference of the Union of Business Associations of Sogd Oblast was held. Over 40 participants from business associations of Sogd Oblast and Dushanbe, government bodies, media, international organizations, and public unions supporting business development in Sogd Oblast and Tajikistan attended. This conference received extensive press coverage from the 3 TV networks and 6 journalists who attended. – **TJ 02, TJ 03, TJ 04, TJ 05, TJ 06**
- BEI has sent a draft financial and economic analysis of the RT Tax Code for consideration by private sector partners. This analysis was prepared by the National Association of Small and Medium Business (NASMB), through a BEI grant in December 2007, in partnership with the Chamber of Tax Consultants of Kyrgyzstan (ChTCK). The NASMB is supporting tax code reform via an additional media campaign with weekly articles to inform entrepreneurs on the tax situation and preliminary analysis results. NASMB is also working with the RT Tax Committee, and has received preliminary agreements for cooperation on promoting the analysis if the Committee evaluates the analysis as economically sound. NASMB plans to submit final recommendations at the end of May, after a series of regional round-tables provide feedback. – **TJ 03**
- BEI and the World Bank initiated a simplification of business registration program, in close collaboration with the SCISPM, intended to lead to the introduction of “one-stop-shop” business registration. To support this program, BEI developed an “Analysis on the Formation of Charter Capital” with recommendations including the removal or reduction of the charter-capital requirement, and an associated business registration NLA, which were distributed for preliminary consideration to the Ministry of Justice, SCISPM, and other government bodies. Following their March 11-12 seminar on the “one-stop-shop”, the World Bank and BEI are developing a joint action plan for implementation. – **TJ 04, TJ 05**
- The procedure of closing business through bankruptcy was presented to Government bodies on March 6 as one of the WBDB reform areas. It will be promoted by BEI through a recently approved grant to the Trustee Association of Tajikistan. The association will develop draft amendments by June 2008 to the existing Law “On bankruptcy”, which will reduce the time and cost associated with the procedure and improve RT ranking in the WBDB indicators, if adopted. – **TJ 05**
- BEI, in collaboration with the SCISPM, has developed an analysis of 27 legal documents from 20 licensing bodies, and an accompanying regulation on licensing commissions, which was submitted to the Ministry of Justice and accepted as an example of licensing body regulation consideration. This regulation is expected to result in harmonization of all NLA licensing requirements in all ministries and in removal of all contradictions with existing licensing legislation. Additional BEI expert review of these 27 documents identified another 44 legal normative acts regulating licensing issues requiring

review and harmonization with this regulation, which have been adopted by other licensing bodies. – **TJ 06**

- Parliament adopted Law #349 “On amendments to the law on licensing of separate types of activities” on January 5, 2008, which significantly improved licensing for transportation sectors. BEI supported the draft Law via extensive public-private dialog on licensing, leading to the adoption of BEI’s recommendations, including removal of additional licensing requirements for construction vehicles, regarding the improvement of transport sector licensing. BEI continues to closely collaborate in licensing reform with the World Bank, whose experts recently completed an operational review of pharmaceutical and construction sectors licensing activities. BEI expects to harmonize its own analysis with the WB findings, once they are made available. – **TJ 06**
- BEI, SCISPM and the governmental working group on SEZs are working in close collaboration regarding amendments to existing legislation for SEZ creation and associated legal acts, as well as the economic justification for the creation of SEZs. Government plans, per the request of the President, are to establish SEZs in Khujand and Chkalovsk cities (Sogd oblast), Dangara region (Khatlon oblast), and in the Ishkashim region (GBO), though the most justifiable model for SEZs supports their creation in Khujand and Chkalovsk cities. Affected ministries, the working group, and the expert council of Sogd Oblast have agreed on the models for SEZs to be used in RT, and BEI is reviewing existing legislation and developing draft amendments to the Law “on Special Economic Zones,” and providing technical assistance for the development of the economic justification for the creation of SEZs in Khujand and Chkalovsk. – **TJ 07**

UPCOMING EVENTS

- Presentation of the analysis on construction is planned for April 18 in Dushanbe.
- BEI is scheduled to present a detailed action plan for BEI-Government cooperation on reforms to the SCISPM, per the initial March 6 presentation, tentatively at the end of April.
- At Government request, the presentations of the legal analysis on creation of Special Economic Zones have been rescheduled for May in Dushanbe and Khujand.
- A national roundtable by BEI and NASMB for discussion of the financial –economic analysis of the tax code is planned for May 21.

WORK PLAN REPORTS

KAZAKHSTAN (KZ)			
No.	Objective	Start Date	End Date
KZ 01	Improve Operations of Public Service Centers (PSCs)	1 Oct 2007	30 Sep 2008
Justification	The Government of Kazakhstan established 31 Public Service Centers to provide citizens with a single point of contact to complete a number of processes that are the subject of regulation, including: registration, re-registration and de-registration of businesses; registration of real property; and, the registration of security interests. However, PSCs, while welcomed by entrepreneurs, do not effectively operate and have not delivered the anticipated savings for entrepreneurs. During the 1 st project year, with the support of the Ministry of Justice, BEI conducted a pilot survey and analysis of the operations of 6 PSCs across the country. The results of the analysis are expected in October and BEI will work with the Ministry of Justice to address barriers to realization of the benefits of PSCs in advance of the roll-out of additional 151 offices anticipated by the Government.		
Forecast Result	Based on BEI recommendations following completion of the assessment, the Government will introduce improvements to the operations of PSCs. Assuming full Government implementation, at least 50% of surveyed end-users report a favorable opinion of PSC operations. PMP: PR2, IR2		
Intermediate Tasks	<ul style="list-style-type: none"> • BEI analysis of PSC operations is completed and submitted to the Ministry of Justice. – October 2007 - COMPLETED • Based on the analysis, BEI identifies opportunities for the government to implement e-government solutions to remove barriers and provides recommendations to the World Bank e-Gov support team and to other donors and projects working on e-Gov promotion to facilitate collaboration between BEI and other supporters of e-government implementation. – November 2007 - COMPLETED • Based on recommendations submitted, the Ministry of Justice agrees to take reform measures. – January 2008 - COMPLETED • Through continued consultation and support, BEI facilitates the implementation of reforms. – August 2008 • Surveys of end-users of the PSCs indicated that the implemented recommendations have resulted in improvements in operations. – September 2008 • With private sector partners and the Ministry of Justice, develop and implement a media campaign to promote knowledge of improvements in PSCs operations. – September 2008 		
Status and Comments	BEI presented its recommendations on PSC improvement to the Ministry of Justice, which accepted them and began implementation. BEI participated in the February 9, 2008, Ministry of Justice Collegium, also attended by the Prime Minister, and reported on the PSC improvement research and current implementation activities and progress. BEI led PSC recommendation implementation monitoring in 6 cities. This monitoring shows that most of BEI's recommendations have been implemented.		
No.	Objective	Start Date	End Date
KZ 02	Support Implementation of the 2007 Law “On Licensing”	1 Oct 2007	30 Sep 2008
Justification	In 2007, with BEI-supported changes, the Government of Kazakhstan adopted the Law “On Licensing” that went into effect on August 1, 2007. Based on the Law, licensing bodies are responsible for getting all necessary approvals from other government bodies required for issuance of licenses within their jurisdiction. Licenses for individual entrepreneurs are required to be issued within 10 days of application and		

	for legal entities within 30 days. While sub-normative acts have been developed and adopted, licensing bodies are uncertain how to manage information flow to get necessary approvals within the required timeframe for issuance of licenses. With the Forum of Entrepreneurs of Kazakhstan (FEK), BEI will target three licensing bodies for evaluation and process improvement to ensure compliance with targeted license issuance times.		
Forecast Result	With effective Government implementation, as a result of BEI support, a survey of applicants after improvements will indicate at least 60% of application decisions are issued within the required 10 or 30 day period. PMP: PR2, IR2		
Intermediate Tasks	<ul style="list-style-type: none"> • Select three licensing bodies for evaluation and operational reform (1 in Almaty, 1 in Astana, 1 in another regional location). – November 2007 - COMPLETED • Get commitment from the licensing bodies to collaborate with BEI in the evaluation and reform. – December 2007 - COMPLETED • With FEK, conduct a survey at the point of service to determine current response times for applications at the licensing bodies. – January 2008 - COMPLETED • Complete a basic operational assessment of the licensing process at the point of service and the interactions between the licensing body and secondary government bodies. – February 2008 - COMPLETED • Present recommendations to the licensing body and secondary government agencies to promote processing time compliance and other operational improvements. – March 2008 – May 2008 • As necessary, facilitate implementation through on-going consultation to the government bodies. – May 2008 • Conduct a survey of applicants at the point of service to determine post-reform compliance with processing time targets. – July 2008 • Conduct at least 5 seminars with other government licensing bodies on the reform process and the results and lessons learned from the evaluation and reform of the three pilot licensing bodies. – September 2008 • With FEK, conduct an information campaign for relevant state bodies, business associations, and end-users to increase knowledge of results of the reform results to date and opportunities for future improvement. – September 2008 		
Status and Comments	<p>BEI and the Forum of Entrepreneurs of Kazakhstan presented preliminary recommendations on licensing types and procedures as part of the December package requested by PM Masimov. Initial recommendations are being followed-up with a detailed study of several specific processes.</p> <p>BEI and partners, including the Forum of Entrepreneurs, Center of Development of Business, and the Association for Protection of Entrepreneur’s Rights in Astana, completed review of administrative barriers to obtaining licenses in one-stop shops. Research was conducted in 8 cities – Almaty, Astana, Karaganda, Taraz, Rudnyi, Oral, Petropavlovsk, and Pavlodar, in areas of licensing of construction, secondary metallurgy, and tourism activity. In each city, additional licensing areas were chosen by the local partner for analysis. Due to the extensive survey of licensing bodies, BEI is finalizing the results analysis and will present recommendations to the Ministry of Economics and Budget Planning in May, per the Ministry’s schedule.</p>		
No.	Objective	Start Date	End Date
KZ 03	Build Demand to Streamline and Improve Construction Permitting and Oversight Processes	1 Oct 2007	30 Sep 2008
Justification	According to the annual World Bank Doing Business report, Kazakhstan’s “Dealing with Licenses” (construction permitting) rank is 119 (32 procedures, 248 days, \$1025.50 cost, 35% of per capita GNI). During the 1 st contract year, BEI completed a validation of the processes as well as a preliminary secondary review. The process is cumbersome, time-consuming and entrepreneurs report frequent corruption.		

	Moreover, since the process is administered locally regional variations exist. Through the use of intensive information dissemination and targeted international expertise, BEI will build demand for fundamental change in the area of construction regulation to get government buy-in at both the national and local levels to address the process.		
Forecast Result	Given the complexity and technical nature of the processes, BEI does not expect significant reforms during the contract year. However, short-term results are expected to include correction of at least 2 areas of non-compliance with existing requirements. The primary forecast result is to build government and private sector demand for effective reform in subsequent contract years as evidenced by the prioritization of the issue by the government and creation of a cross-cutting group to reform the processes. PMP: PRI, PR2, IRI, IR2		
Intermediate Tasks	<ul style="list-style-type: none"> • Through short-term international experts, complete an analysis of the construction processes. – January 2008 –COMPLETED • Present preliminary findings to government and private sector counterparts and conduct a seminar on the findings to build knowledge of process and best practices, and encourage demand for change. – February 2008 – COMPLETED • For barriers that are contrary to existing law, present issues to the Prosecutor for protest. – March 2008 – May 2008 • With private sector partners, develop a media campaign to promote knowledge of and demand for reforms in the processes. – May 2008 • With key private sector counterparts, encourage the development of a cross-ministerial group to address legal and regulatory reforms necessary to improve the processes. – September 2008 • With the agreement of government counterparts, establish a discussion forum on an existing web site of the Ministry of Industry and Trade, other relevant state body, or external web site that government experts will use to respond to questions and issues raised by users from the private sector. – September 2008 		
Status and Comments	International expert Sherry Khan completed analysis in of the construction process in Kazakhstan and provided an initial presentation of recommendations to the Department of Architecture and the Ministry of Industry and Trade. The analysis was also used to develop recommendations for the Prime Minister during presentation in March. The reform implementation plan is expected to be developed in April with the identification of rapid action reforms and long-term assistance. As a result, presentation of illegal barriers is expected to be completed in May.		
No.	Objective	Start Date	End Date
KZ 04	Support Elimination of Illegal Inspections	1 Oct 2007	30 Sep 2008
Justification	According to the World Bank BEEPs survey, on average, a business in Kazakhstan is inspected 11.65 times per year, requiring 16.92 hours, and 23% of respondent indicate bribes are frequent. Currently, Section 19 of the Law “On Private Entrepreneurship” requires registration of inspections by inspecting bodies with the Prosecutor’s Office for most inspections. However, anecdotal evidence and reports from the Prosecutor’s Office indicate that many inspections are not registered, exceptions to the law allow for unregistered inspections, eliminating the disincentive to frequently inspect that prosecutor oversight is expected to address, and inspections continue to burden entrepreneurs. The General Prosecutor has agreed to work with the BEI Project to complete an analysis of inspection issues, develop amendments to the Law and appropriate sub-normative acts, and work proactively to reduce the burden of inspections on entrepreneurs. BEI will also utilize significant positive provisions from the Kyrgyz inspections law to promote substantial change in the inspection regime.		
Forecast Result	With full Government implementation, BEI expects future BEEPs inspections results to reflect a reduction in inspections to 8 times per year requiring less than 12 hours. PMP: PRI, PR2, IRI, IR2		

Intermediate Tasks	<ul style="list-style-type: none"> • Amendments to the Law “On Private Entrepreneurship” are completed and presented to the Government. – December 2007 - COMPLETED • With FEK and the Prosecutor’s Office complete analysis of existing data on illegal inspections. – January 2008 - COMPLETED • Develop and present recommendations regarding appropriate amendments to sub-normative acts. – February 2008 - COMPLETED • With FEK, conduct a media and advocacy campaign promoting on the results of research and recommendations to GoK. – March 2008 – IN PROGRESS • If approved by the Government, amendments submitted to Parliament. – June 2008 • BEI conducts a review of sub-normative acts requiring modification based on amendments. – July 2008 • Adoption expected by Parliament. – July 2008 • Relevant sub-normative acts adopted by inspectorates. – September 2008 • Once the law is adopted, monitor the results of implementation of the changes. – September 2008 		
Status and Comments	<p>With support from the RK Prosecutor’s Office, BEI and the Forum of Entrepreneurs of Kazakhstan completed the analysis on illegal inspections and presented to the PM recommendations for the elimination of illegal inspections as part of amendments to the Law “On Private Entrepreneurship”. An advocacy campaign “Business and Inspections” has been organized by IAP, FEK and other BEI partners with BEI’s support, to promote inspections reform. The campaign board has provided press-conferences in Almaty, Shymkent, and Oral, and developed an accompanying web-site (www.proverki.kz).</p>		
No.	Objective	Start Date	End Date
KZ 05	Reduce the Time and Cost of Paying Taxes and Tax Administrative Procedures	1 Oct 2007	30 Sep 2008
Justification	<p>According to the 2007 World Bank Doing Business report, in Kazakhstan, entrepreneurs are required to make 34 tax payments annually, requiring 156 hours and consuming 45% of profit. When compared against 175 countries, Kazakhstan ranks number 66. To address tax issues, in the first year of the project, BEI supported a survey of businesses on various areas of the system of tax administration with the Association of Taxpayers with the support of the Tax Committee under the Ministry of Finance. The results of the survey are still being analyzed but, preliminarily, indicate major administrative barriers in tax reporting, including electronic filing, and other tax administration activities undertaken by businesses. BEI will work with the counterparts to finalize analysis of the survey, identify areas to target for reform, and promote reforms in the tax system to reduce the burden for individual entrepreneurs and companies.</p>		
Forecast Result	<p>The survey will provide a baseline for future evaluation of the tax environment. Also, the survey results and subsequent recommendations will be used by the Association of Taxpayers, the Tax Committee and the Ministry of Finance to develop changes in the tax code and tax administration necessary to eliminate barriers identified by BEI and counterparts. PMP: PR1, PR2, IRI, IR2, IR3</p>		
Intermediate Tasks	<ul style="list-style-type: none"> • Collaborate with the Tax Committee and Association of Taxpayers to develop amendments to the Tax Code, and internal operations of the Tax Committee to reform tax administration. – November 2007 – COMPLETED • If necessary, BEI will provide short-term technical assistance to the working group to develop appropriate legal amendments. - November 2007 – COMPLETED • Draft amendments are submitted to the Government for review and agreement. – November 2007 – COMPLETED • Conduct media campaign on recommended changes. – December 2007 – September 2008 • If approved, the Government submits legislative changes to Parliament. – December 2007 – September 2008 • Changes to the Tax Code become effective. - January 2008 – January 2009 		

	<ul style="list-style-type: none"> • Lobby for effective implementation of changes. – February 2008 – February 2009 • With the support of the Association of Taxpayers, complete spot monitoring of tax administration reforms to ensure changes are implemented. – March 2008 – March 2009 • Support 2008 survey to evaluate environment. – September 2008 		
Status and Comments	<p>BEI, with the Tax Committee and the Association of Taxpayers agreed to collaborate on tax Administration reform, cameral control reform, detailed tax recommendations (number and amount), and reform of WBDB Taxes process (steps and amounts) and integration into Government working groups and committees on taxes.</p> <p>BEI submitted draft tax amendment recommendations to the Tax Committee in November 2007. The Committee decided to take further action on these amendments during the next tax code revision season, in spring-summer 2008. Draft amendments were again presented to the PM as part of a package submitted by the Forum of Entrepreneurs in December.</p> <p>BEI expects the recommendations to be incorporated into the next tax code revision by August 2008, in collaboration with the working group, Tax Committee, and partners, with implementation work taking place during BEI Year 3 as indicated in the revised schedule above.</p> <p>BEI provided international experts ITIC to conduct an analysis and recommendations to reform cameral control practices to reduce filing requirements. The preliminary report was submitted to government and private sector partners and revisions and additional research are currently underway in response to comments.</p> <p>The Tax Committee is currently considering the timing and content of the next survey of tax payers.</p>		
No.	Objective	Start Date	End Date
KZ 06	Reduce the Time and Cost of Registration of Real Property	1 Oct 2007	30 Sep 2008
Justification	<p>According to the annual World Bank Doing Business report, Kazakhstan’s “Registering Property” rank is 76 (8 procedures, 52 days, 1.8% cost of property). The new Law “On State Registration on Title to Real Property and Transactions with it” came into effect on August 9th, 2007. The Law stipulates mandatory registration of citizens’ title to real property through Public Service Centers and local departments of the Ministry of Justice. According to government counterparts and entrepreneurs, there are expected difficulties with implementation of operational improvements necessary under the law. To address these concerns, together with the Associations of Entrepreneurs, BEI will evaluate the new Law on Real Property and work with counterparts to promote changes in the real property registration process.</p>		
Forecast Result	<p>With full Government implementation, BEI anticipates the number of procedures will be reduced to 5 and the process will require less than 30 days and .5% of the property value to complete. PMP: PR1, PR2, IR1, IR2</p>		
Intermediate Tasks	<ul style="list-style-type: none"> • Through short-term experts, complete an analysis of the new Law “On State Registration on Title to Real Property and Transactions”. – December 2007 – COMPLETED • Complete a review of PSC implementation of the Law and identify opportunities for improvement. – February 2008 - COMPLETED • With FEK and partners in the regions present preliminary findings to government and private sector counterparts. – March 2008 – COMPLETED 		

	<ul style="list-style-type: none"> • For barriers that are contrary to existing law, present issues to the Prosecutor for protest. – April 2008 • With the experts, conduct a public seminar with private sector and government participation based on their review and findings. – May 2008 • With FEK, develop a media campaign to promote knowledge of and demand for reforms in the processes. – July 2008 • With key private sector counterparts, encourage the development of a cross-ministerial group to address legal and regulatory reforms necessary to improve the processes. – September 2008 		
Status and Comments	<p>The preliminary analysis of land registration and other processes completed through PSCs in 6 cities was completed and presented to the Government. A secondary analysis is underway and expected to be completed in April.</p> <p>A final report will be presented to the Ministry of Justice and PM’s office in April-May, 2008, with recommendations for simplifying the process of real estate registration and changes to legislation.</p>		
No.	Objective	Start Date	End Date
KZ 07	Reduce the Cost and Time Required for Voluntary Administrative Liquidation of Legal Entities	1 Oct 2007	30 Sep 2008
Justification	<p>The World Bank Indicator “Closing a Business” focuses on bankruptcy procedures. During the 1st year, with local experts, BEI conducted an analysis of bankruptcy procedures. Based on the research, BEI developed and submitted 25 recommendations to amend the Law “On Bankruptcy” to government and private sector counterparts. While BEI will continue to promote those recommendations, in addition to improvements required in the area of bankruptcy, voluntary administrative liquidation of legal entities remains a significant problem for entrepreneurs resulting in an estimated 35% (or 58,000 SMEs) of registered LLPs in Kazakhstan being currently inactive and requiring removal from the registry of operating entities. It currently takes up to 1 year to close a business and entrepreneurs report the process is costly and time-consuming. Failure to maintain clean company registries creates statistical errors that lead to poor governmental planning, and maintaining company existence exposes owners to the legal hazards of company ownership beyond a voluntary time period.</p>		
Forecast Result	<p>With full Government implementation, it is anticipated that the time required to close a non-bankrupt inactive business will be reduced to 4 months and the cost significantly reduced. PMP: PR2, IRI, IR2</p>		
Intermediate Tasks	<ul style="list-style-type: none"> • With FEK and the Department of Small Business within MIT, BEI completes a diagnostic analysis of the process of voluntary closure and develops process maps and draft analysis. – November 2007 - COMPLETED • Validate the process maps and initial findings with focus groups as well as through private sector interviews and round tables. – December 2007 — COMPLETED • Develop and present recommendations to the Department of Small Business regarding amendments to appropriate normative and sub-normative acts. – January 2008 – COMPLETED • With FEK, conduct a media and advocacy campaign promoting on the results of research and recommendations to the government. – March 2008 – June 2008 • Amendments to a number of Laws, including Law “On Private Entrepreneurship”, Tax Code, Civil Code, Law “On Limited Liability Partnerships” and others identified, are completed and presented to the Government. – May 2008 • If approved by the Government, amendments submitted to Parliament. – June 2008 • BEI conducts a review of sub-normative acts requiring further modification based on amendments. – July 2008 • Adoption expected by Parliament. – July 2008 		

	<ul style="list-style-type: none"> • Relevant sub-normative acts adopted by relevant ministries. – September 2008 • Once adopted monitor the results of implementation of the changes. – September 2008 		
Status and Comments	<p>BEI developed a set of recommendation for the Law “On Bankruptcy” and presented them to the Parliament working group, on December 25, 2007. BEI is anticipating approval of amendments to this Law by Parliament in the near future.</p> <p>BEI partner SodBI completed in January 2008 a pilot diagnostic analysis of the process of voluntary closure, with validated process maps, for the cities of Shymkent and Taraz. This analysis was presented in January to the Department of Small Business of South Kazakhstan Oblast, and serves as a base for the national review of the process. The planned media campaign has been rescheduled for June, to coincide with the release of this national-level analysis. BEI plans to present in May the full national analysis with report and recommendations on reforming the procedure of closing a business to the Prime Minister working group, other state bodies, and business associations.</p>		
No.	Objective	Start Date	End Date
KZ 08	Strengthen the Partnership Network and Public-Private Dialogue in Kazakhstan, including in Almaty and Astana	1 Oct 2007	30 Sep 2008
Justification	<p>BEI has expanded the scope and impact of its reform activities by supporting the development and technical capacity of local organizations and institutions as well as public/private partnerships. BEI will continue to equip counterparts with the tools to analyze the business environment and the means to promote and monitor reforms. The BEI partnership network currently includes 3 subcontracted partners and 30 partners supported by subcontractors. BEI will strengthen the partnership network through increased membership, including in both Almaty and Astana as well as through increased media usage and information dissemination.</p>		
Forecast Result	<p>Through the partnership program and public-private dialogue, at least 20 reforms are achieved at the local level, including at least one in both Almaty and Astana. PMP: PR2, IR2, IR3</p>		
Intermediate Tasks	<ul style="list-style-type: none"> • Evaluate the effectiveness of existing subcontractors through analysis of results achieved to date and performance of associations receiving training and consultation from them. – November 2007 - COMPLETED • Based on the results of the evaluation, provide additional training, implement appropriate information mechanisms, and/or modify subcontract agreements and work plans as necessary to optimize operations and maximize results. – December 2007 - COMPLETED • Beginning in December, BEI, through a series of round tables, will evaluate the interest and viability of regional collaboration, organization development, and a clinical style association management program to enhance skills necessary to start, manage and grow associations. – September 2008 • Provide trainings for business associations on business association development, media usage, information dissemination, communications, and advocacy. - September 2008 • With BEI support, partners continue collaboration activities with local governments to improve business processes. – September 2008 • At least 3 separate media campaigns with 3 major oblast counterparts are conducted by partners to build demand to address an identified local barrier to business activity and/or to publicize a reform success to inform businesses and empower them to hold the government accountable for continued proper execution of reformed laws, regulations or operations. – September 2008 • At least 20 reform results are achieved including at least 1 result achieved through partners in Almaty and Astana. – September 2008 		

Status and Comments	<p>Partners have reduced 6 constraints at the local level (3 in WKO and 2 in EKO), totaling over \$6.9 million. During the period partners participated extensively in media promotion and distribution regarding BEI activities.</p> <p>In March BEI completed its subcontractor tender for partners in 4 cities (Astana, Oral, Oskemen, and Shymkent), successfully selecting a qualified applicant from each city. Tender winners are: the Association for the Protection of Entrepreneur’s Right in Astana, in Astana; the Independent Association of Entrepreneurs of West-Kazakhstan Oblast, in Oral; the Foundation for Informational Support of Society Development, in Oskemen; and Business Incubator “SodBi”, in Shymkent.</p>		
No.	Objective	Start Date	End Date
KZ 09	Increase the Effectiveness of World Bank Doing Business Indicators as a Driver and Benchmarking Tool of National Legal and Regulatory Reform	1 Oct 2007	30 Sep 2008
Justification	<p>The annual World Bank Doing Business indicators and country rankings are increasingly used by countries to evaluate comparative environmental conditions for business activity and to identify areas for reform. The Government of Kazakhstan has identified its ranking as a driver of change and expressed interest in improvement. BEI views the indicators as a tool for reform. Compared to Global Competitiveness Indicators, which the GoK also plans to improve, annual Doing Business Indicators, designed to allow for cross-country comparison, do not measure perceptions or outline needed reforms. As in the first year, in the second year BEI will utilize the Indicators to encourage reform, but go deeper in analytical and reform activities to address the specific country framework and reforms. The Department on Development of Entrepreneurship in the Ministry of Industry and Trade has established a general working group to work with identified processes. To be successful, the working group needs higher standing and the involvement of experts from targeted ministries and agencies specifically relevant to the processes identified for reform. With BEI’s expert knowledge of the World Bank indicator development and ranking criteria, BEI will build understanding of the system and encourage deeper analysis and the development of an effective steering/working group system to drive fundamental reforms in the country. Although BEI is not directed involved in the Global Entrepreneurship Monitoring (GEM) activities supported by KSBD, BEI will take GEM results into account in its work.</p>		
Forecast Result	<p>Improved scores in the World Bank Indicators targeted by the Government for reform driven by deeper analysis than currently conducted and through general support to the completion of work plan tasks detailed below. PMP: PR1, PR2, IR1, IR2, IR3</p>		
Intermediate Tasks	<ul style="list-style-type: none"> • With FEK, complete collection of sub-national data in 3 cities and submit to the World Bank. – October 2007 - COMPLETED • After formation of the new Government, present BEI recommendations for the development of an effective steering / working group structure and operational system. – November 2007 - COMPLETED • Secure the agreement of the Department on Development of Entrepreneurship to create an effective steering committee that will select processes for reform and then oversee the activities of working groups composed of representatives from relevant ministries and agencies. – November 2007 - COMPLETED • Provide necessary support to the World Bank, in collaboration with FEK, to conduct a presentation of the regional sub-national survey results. – December 2007 - COMPLETED • Assist the Department with the development of any normative acts required to create and operate the steering / working groups. – December 2007 - COMPLETED • With the Department, encourage selection of relevant processes for consideration. – January 2008 - COMPLETED • Draft BEI-recommended best practice models for each process considering best in class examples and realistic ability to reform to present to the Department and working group to focus discussions on goals and encourage productive feedback from participants. – February 2008 - COMPLETED 		

	<ul style="list-style-type: none"> • Provide briefings to group members regarding the World Bank process, methodology, BEI models, and international best practices to encourage detailed consideration and reform of selected processes rather than reliance on solicited recommendations from ministries and agencies. – March 2008 - COMPLETED • Identify opportunities to provide technical assistance to the working groups. – April 2008 • With the Department, publicize group activities through the BEI information network and supplemental media activities – September 2008 		
Status and Comments	<p>BEI and the Forum of Entrepreneurs of Kazakhstan assisted the World Bank with final collection of sub-national data in 4 cities (including Almaty). Following data collection, BEI assisted the World Bank with validation meetings and additional information gathering.</p> <p>BEI presented its recommendations on WBDB indicators improvement, based on international best practice, to the GoK and PM, resulting in the creation of a committee on business environment improvement and elimination of administrative barriers under the PM. This committee will include BEI, and serve as an implementation forum for BEI recommendations on DB reform. BEI proposed focused reform on 5 processes that are DB indicators (Starting a business, Closing a business, Paying Taxes, Licensing (Construction Permitting), and Property Registration), and the committee has requested more detailed recommendations on reforming processes, to be presented mid-April, 2008.</p>		
No.	Objective	Start Date	End Date
KZ 10	Increase Private Sector Participation in the Legal and Regulatory Drafting Processes	1 Oct 2007	30 Sep 2008
Justification	<p>Both the Law “On Normative and Legal Acts” and the Law “On Private Entrepreneurship” allow for public notice and comment on draft laws and regulations as well as the completion of basic impact analysis. However, full and effective participation and compliance rarely occurs. Particularly, the Law “On Private Entrepreneurship”, while allowing for expert council comment on drafts, limits council membership to private sector participants that are formally accredited for this purpose by the government. Also, additional support to the private sector is necessary to empower effective advocacy through the use of basic analysis and quantified assessment of the impact of drafts.</p>		
Forecast Result	<p>At least 10 counterparts are trained on the effective use of impact assessment methodology in advocacy. With BEI support, at least 4 draft normative acts are reviewed by private sector partners and impact assessments completed, with the results provided to the government and distributed through the BEI information network. Amendments to the Law “On Private Entrepreneurship” are presented to the government to eliminate the accreditation requirement for participation in expert councils. PMP: PR2, IR1, IR2, IR3</p>		
Intermediate Tasks	<ul style="list-style-type: none"> • Amendments to the Law “On Private Entrepreneurship” are completed and presented to the Government. – November 2007 - COMPLETED • BEI finalizes training materials for governmental agencies on effective use of impact assessment. – November 2007 - COMPLETED • BEI finalizes training materials for private sector counterparts on effective use of impact assessment. – December 2007 - COMPLETED • Direct consultation is provided to association partners by BEI to develop solutions to specific practical issues and based on the materials collected workshops are conducted and a media information campaign on impact assessment completed for counterparts. – January 2008 - COMPLETED • Using materials developed by BEI in other countries, information gained from trainings in Kazakhstan, and materials developed by other USAID projects, a guide to lobbying and advocacy in Kazakhstan is completed and published for private sector counterparts and incorporated in future trainings. – May 2008 		

	<ul style="list-style-type: none"> At least 4 draft normative acts are reviewed and analyzed using basic impact assessment and the recommendations submitted to the government and distributed through the BEI information network with changes to drafts as a result of the recommendations monitored. – September 2008 		
Status and Comments	The advocacy media campaign on RIA developed and provided an initial training on international RIA experiences for the associations participating in the "Business and Inspections" campaign. This training is further intended for other partners and with government in Shymkent, Astana, Oral, and Oskemen.		
KYRGYZ REPUBLIC (KR)			
No.	Objective	Start Date	End Date
KR 01	Facilitate Implementation of the Law “On Procedures for Conducting Inspections of Businesses” in the Government and Targeted Inspectorates	1 Oct 2007	30 Sep 2008
Justification	According to the EBRD-World Bank BEEPS survey, on average, a business in the Kyrgyz Republic is inspected 13.93 times per year, requiring 58.47 hours per year, and 52.8% of respondent indicate bribes are frequent. USAID, through the LIME, TFI and BEI Projects, supported development and promotion of the groundbreaking Law “On Procedures for Conducting Inspections of Businesses” that included provisions requiring 10 day advanced notice before inspections, limiting initial inspections to identification of violations and requiring follow-up limited compliance checks before sanctions can be imposed, and other provisions strengthening the rights of businesses and refocusing inspections on encouraging compliance rather than on violation and penalties. The Government of the Kyrgyz Republic has established an Expert Group under the leadership of the Prime Minister and specifically included the BEI Project in the group to support effective implementation.		
Forecast Result	Through effective implementation of the Law, future BEEPS results are expected to indicate that the inspection burden is reduced by at least 75% with businesses reporting 4 inspections per year, requiring no more than 14 hours annually, and less than 14% of respondents reporting bribes are frequent. PMP: PRI, PR2, IR2		
Intermediate Tasks	<ul style="list-style-type: none"> With the Prime Minister’s Office and private sector partners, the 2 inspectorates that conduct the most inspections of businesses are identified and selected for operational analysis and reform support. - October 2007 - COMPLETED Agreements are reached with the Government and the pilot inspectorates regarding the timing and scope of the analysis. - November 2007 – COMPLETED Based on on-going implementation activities, the BEI-supported brochure “What an Entrepreneurs Needs to Know about Inspections” is disseminated through the BEI Information Network and promoted through a media campaign with private sector partners. - December 2007 - COMPLETED Sub-normative acts of the pilot inspectorates and tax administration-related provisions of the Tax Code are reviewed and recommendations are submitted to the Prime Minister and the inspectorates to promote compliance with the Law. - January 2008 – COMPLETED In coordination with other donors and projects, and with the collaboration of local partners and STTA, a risk assessment methodology to facilitate effective implementation of the Inspections Law in the area of tax inspections is completed. - March 2008 – May 2008 Through expert involvement, the structure and operational activities of the pilot inspectorates are reviewed and an action plan to reform is developed and presented. - June 2008 As necessary, BEI provides on-going consultation to the pilot inspectorates and private sector partners to support implementation of the operational reforms. - September 2008 		

	<ul style="list-style-type: none"> • BEI conducts a monitoring review of the operations of the pilot inspectorates in at least six of their regional offices and surveys inspected businesses to evaluate compliance with the Law. - September 2008 • During the contract year, seminars are conducted in at least 3 regions with private sector and government representatives on provisions of the new Law and the status of targeted reforms with the selected inspectorates. - September 2008 • During the contract year, at least 6 different media products related to provisions of the new Law and on-going implementation activities are developed and disseminated via TV, radio, and/or newspapers. This campaign will be reinforced by the activities outlined in KR11. - September 2008 		
Status and Comments	<p>Due to the referendum and parliamentary election during October-December 2007, and the formation of new government as late as January 9, 2008, the Office of Government of the Kyrgyz Republic approved the two pilot inspectorates (the State Committee on Taxes and Charges and the Department of State Sanitary and Epidemiological Oversight) later than originally planned. During February-March 2008, BEI reached agreements with these two agencies on reviewing their structure and operations with respect to inspections of businesses, and developed action plans. Initial review of sub-normative acts was completed and non-compliant regulations identified for modification or elimination. The risk assessment methodology for tax inspections, developed with the “Investment Round Table”, is expected to be completed in May.</p> <p>BEI also provided recommendations to the new draft tax code to ensure compliance with the current inspections law.</p>		
No.	Objective	Start Date	End Date
KR 02	Improve State Regulation of Licenses and Permits of Entrepreneurial Activity	1 Oct 2007	30 Sep 2008
Justification	<p>In 2004, the USAID-supported draft Law “On Licensing” was submitted to Parliament for consideration. The Law, if adopted and properly implemented, would radically change inefficient practices of state licensing, limit governmental discretion to create new licenses, extend the validity of licenses, and institute judicial protections for license holders by allowing revocation only through court order. Since 2004, USAID Projects have lobbied the Government and Parliament to support adoption of the Law. Based on information from the Government, in the 1st contract year, through a BEI tender, a private sector analysis of the existing licensing regime was completed and provided to the Government. Currently, excessive and overlapping requirements between licensing and standardization continue to create barriers for SMEs. The Unified List of Permits continues to be an effective instrument to both limit and list the number of activities subject to permitting requirements. The Decree of the President “On Certain Measures to Streamline Permits and the Regulatory System in the Kyrgyz Republic” provides the basis for the expectation of results in the areas of both licensing and permitting through work by BEI with the Prime Minister’s Office, President’s Administration, the Ministry of Economic Development and Trade, and the Investment Council under the President’s Administration. This Decree also directs the Government to develop and adopt a new law that will establish the criteria for the introduction of permits and for the review of the entire licensing and permitted system to eliminate and consolidate licenses and permits.</p>		
Forecast Result	<p>Adoption of the new Law “On Optimization of Legislation of Entrepreneurship Activity” that will, in turn, facilitate the adoption of the Law “On Licensing”, reduction in activities subject to licensing and permitting through revision of the Unified List of Permits, and legal harmonization in at least 3 areas. PMP: PR2, IR1, IR2</p>		
Intermediate Tasks	<ul style="list-style-type: none"> • Based on BEI’s findings in the review of the licensing and permits system and using the criteria set out in the draft Optimization Law, recommendations are developed to improve the draft Licensing Law. - December 2007 - COMPLETED • Using the criteria outlined in the Optimization Law, support the Inter-Agency Commission to complete a review of permits to identify and eliminate unnecessary, illegal or duplicative permits. - March 2008 – April 2008 • The revised Unified List of Permits is adopted by the Government. - April 2008 		

	<ul style="list-style-type: none"> • Through information intermediaries and the media, the list of activities for which permits are required and related information is disseminated to the public. - May 2008 • Together with its private sector partners, BEI promotes adoption of the draft Licensing Law in the Parliament. - May 2008 • At least 3 analytical articles are published highlighting the benefits of the Law. - July 2008 • Sub-normative acts creating or requiring permits not articulated in legislation and not included in the Unified List are identified and submitted to the Prosecutor General's Office and private sector partners for them to be recognized as illegal and subsequently repealed. - August 2008 • The Government eliminates non-complaint sub-normative acts and unnecessary permit-related requirements. - September 2008 • Using a survey developed by BEI and its private sector partners, compliance with the Unified List and legal consistency in at least 3 areas subject to permitting is evaluated in at least four cities and the analyses presented to the Prime Minister and used to guide future BEI actions. - September 2008 		
Status and Comments	<p>On February 21, 2008, Parliament passed the Law “On Optimizing Normative Legal Basis of Entrepreneurial Activities” providing for the introduction of a guillotine principle with respect to normative legal acts developed without the application of RIA. The law is pending the signing by President, expected in April.</p> <p>In March 2008, as part of the Law “On Optimizing the Normative Legal Basis for Regulation of Entrepreneurial Activities” the Ministry for Economic Development and Trade, with BEI’s assistance, developed and submitted a draft Resolution of Government “On Inter-Agency Commission on Regulatory Reform.” The activities of the commission will be the step-by-step review and repeal of regulatory acts and preparation of a list of permits and licenses to be incorporated into the draft Law “On Licenses and Permits”, all on the basis of economic advisability and the application of the guillotine principle. This draft resolution will be signed as soon as President signs the Law “On Optimizing Normative Legal Basis of Entrepreneurial Activities”.</p> <p>In order to assist the inter-agency commission, Ministry for Economic Development and Trade issued Order #44 dated March 18, 2008, prepared with BEI’s assistance, calling for the creation of an expert group for reviewing regulatory acts. The first meeting of the expert working group was held on March 20, and it is preparing a list of legislative acts subject to review pursuant to the President’s Decree “On Certain Measures to Optimize the Permitting and Regulatory System in the Kyrgyz Republic”. This list of acts is to be completed within 1 month, and the draft law “On Licenses and Permits” is to be completed within 2 months.</p>		
No.	Objective	Start Date	End Date
KR 03	Build Demand to Streamline and Improve Construction Permitting and Land Acquisition Processes	1 Oct 2007	30 Sep 2008
Justification	<p>According to the annual World Bank Doing Business report, the Kyrgyz Republic’s “Dealing with Licenses” (construction permitting) rank is 143 out of 175 countries (20 procedures, 218 days, 510.4% of per capita GNI). During the 1st contract year, BEI completed a validation of the process that revealed it was complex, corruption is frequent and the process wasn’t known by many government actors and private sector counterparts. Through the use of intensive information dissemination and targeted international expertise, BEI will build demand for fundamental change in the areas of land acquisition to get government buy-in at both the national and local levels to address the process. The Prime Minister’s Office and private sector counterparts, including the Association of Construction Companies, have agreed to work with BEI to reform the legal framework governing the construction process as well as subsequent implementation activities. Given the technical nature of construction activity and related laws/regulations, short-term expert assistance is anticipated. To overcome resistance from existing government agencies involved in the process, including the State Architecture and Construction Agency, a robust demand and</p>		

	knowledge building campaign in anticipated.
Forecast Result	<p>During the contract year, it is anticipated that efforts will lead to more focused demand for reform in the sector. Through short-term expertise assistance, a detailed roadmap for full reform will be developed. At least 2 immediate action results will be achieved through initial activities, but it is expected that complete reengineering of the process will extend into the next year. By the end of the project, it is expected that the reformed process will at least achieve the OECD average (14 procedures, 149.5 days, and a cost of 72% of income per capita).</p> <p>PMP: PRI, PR2, IRI, IR2</p>
Intermediate Tasks	<ul style="list-style-type: none"> • BEI, in collaboration with the Association of Construction Companies, presents the findings of the analytical report regarding the process for permitting construction, reconstruction and renovation to the Investment Council under the President. - November 2007 - COMPLETED • Pursuant to the Decree of the President “On Certain Measures to Streamline Permits and the Regulatory System in the Kyrgyz Republic”, Decision of the Investment Council, and as a member of the Inter-Agency Commission, BEI will complete an expanded process analysis building on the findings of the Association and the targeted World Bank Doing Business analysis. - December 2007 - COMPLETED • Based on existing analysis, hard-copy and electronic copies of a plain-language brochure detailing the existing process is developed and disseminated to the private sector and government counterparts and through the BEI information network. (KR-11). - January 2008 - COMPLETED • With the assistance of a short-term international expert, a comparative analysis of the existing process versus current best practice will be developed, including best practice examples and a long-term roadmap for reform, and presented to both the Investment Council under the President and the High Economic Council under the Government. – February 2008 - COMPLETED • Based on the long-term roadmap, at least 4 media products, including at least 2 informational and analytical articles, will be developed and disseminated to increase knowledge of recommendations, best practices, and to build demand for reform. - September 2008 • At least 4 regional seminars will be conducted to present the analysis and recommendations to private sector partners and local government officials. - September 2008 • Agreement will be reached with key government counterparts, based on the long-term roadmap, on the detail and timing of future actions to reengineer the construction process. - September 2008
Status and Comments	<p>Based on BEI’s recommendations, the Ministry for Economic Development and Trade submitted for Government approval a draft resolution “On Creating Inter-Agency Commission on Development of Plan of Activities on Main Directions of Development of Construction Complex.” Prior to the signing of this resolution, the construction working group prepared a draft Plan of Activities for optimizing the construction permitting system during the second quarter of 2008 and for creating a Consultative Construction Council. This plan of activities will be reviewed at the Investment Council’s May meeting.</p> <p>Due to the Government’s Resolution dated March 20, 2008, on the creation of the inter-agency group tasked with improving Kyrgyzstan’s ranking in the WBDB report, the construction working group was tasked with developing by April 30 a new draft resolution on optimizing the construction permitting system. If this resolution is approved, BEI will modify its plain-language guides accordingly.</p> <p>From January 21 through February 19, STTA Sherry Khan (U.S.) and Tato Urjumelashvili (Georgia) researched construction permitting in Kyrgyzstan, and met with state and local bodies involved in construction permitting and with Kyrgyz business associations and construction</p>

	companies. Experts also delivered a comparative presentation of construction permitting in Georgia and Kyrgyzstan for the Department of Economic and Social Policy of President's Administration. The presentation has been sent to other Government offices to build demand for reforms in this area.		
No.	Objective	Start Date	End Date
KR 04	Build Demand for Streamlining the Processes of Business Registration, Re-registration and De-registration	1 Oct 2007	30 Sep 2008
Justification	<p>According to the 2007 World Bank Doing Business report, in the Kyrgyz Republic, Starting a Business requires 21 days and completion of 8 procedures. Initial charter capital equal to .5% of per capita Gross National Income is also required, although approximately 80 countries included in the Doing Business report require no charter capital. The Kyrgyz Republic ranks 16th (out of 28) in the difficulty of Starting a Business in comparison to other countries in Europe and Central Asia, and 41st of 175 countries when compared to the entire field. BEI validation of the process indicated that Starting a Business, is much more difficult in reality due to a lack of knowledge of the existing process, arbitrary decision making, lack of coordination among state agencies, and long approval times beyond what the law anticipates. For a number of years, donors have provided consultative support and other assistance to encourage the adoption of a streamlined registration process. The draft Law "On Registration of Legal Entities" remains under consideration in Government pending financing from the World Bank or other donors. If the Law is adopted, BEI will support implementation, but the following tasks assume the Law as currently drafted is not adopted. BEI will work with media, government, and the private sector to build demand for re-engineering of the processes independent of donor financing.</p>		
Forecast Result	<p>With full implementation of a streamlined process, it is expected that start-up procedures can be reduced to 3 procedures and require only 3 days to complete. However, government commitment to completely reform registration is uncertain at the present time. Therefore, the expected result during the contract year is to build demand for change resulting in the creation of an inter-ministerial working group to address registration reform. PMP: PRI, PR2, IRI, IR2</p>		
Intermediate Tasks	<ul style="list-style-type: none"> • Through the Inter-Agency Working Group, with the Ministry of Justice, complete and submit to the Prime Minister a review of the current processes of registration, re-registration and deregistration of businesses taking into account current best practice and existing draft proposals to streamline the processes. - November 2007 - COMPLETED • Any necessary changes developed by the working group with the assistance of international focused expertise to improve the draft Law "On Registration of Legal Entities" based on the findings of the study and the improved system of information exchange and will send it to the Government for review and approval. - December 2007 - COMPLETED • If approved by the Government, the draft Law is sent to the Parliament for review and adoption. - January 2008 – May 2008 • With private sector partners, BEI commissions and publishes articles on best practice examples and streamlining the registration processes in the Kyrgyz Republic that can be completed without additional government expenditures and solutions to identified problems that can be implemented without donor financing. - January 2008 - COMPLETED • With the working group, government and private sector partners, BEI conducts presentations and roundtables with key government bodies involved in the registration processes to promote acceptance and implementation. - January 2008 - COMPLETED • Presentations are conducted in at least 3 regions of the country to promote the donor-free reform initiative. - April 2008 • If adopted, support the Bishkek City Department of Justice to develop a pilot project one-stop shop in Bishkek. - September 2008 • If adopted, BEI, with international focused expertise, facilitates implementation through support in the development of necessary sub-normative acts and operational changes within government. - September 2008 • Throughout the contract year, media products are developed to highlight best practices in other countries, call attention to problems 		

	with the existing system, and promote effective reform. - September 2008		
Status and Comments	<p>The Government extended the period allocated for the improvement of the draft law on registration of legal entities up to the second half of 2008. Therefore, on December 13, 2007, the Government issued Resolution #534 creating an inter-agency working group to improve, using RIA, the draft law by providing for the introduction of the one-stop shop principle and based on BEI recommendations for collaboration among state bodies during the registration of businesses. The draft law was prepared and submitted to the Deputy Minister of Justice for review, and included BEI's recommendations on inter-agency collaboration and simplified registration procedures.</p> <p>By mid-April 2008, the Ministry for Economic Development and Trade, Ministry of Justice, State Committee for Taxes and Charges, National Statistical Committee, and Social Fund must agree upon the final language of the draft law on registration of legal entities, with proper attention given to improving WBDB indicators. BEI expects Government will submit the draft Law and accompanying documents to Parliament by June, 2008.</p>		
No.	Objective	Start Date	End Date
KR 05	Improve Clarity and Certainty in the Legal Regime Through Adoption of a Hierarchy of Laws	1 Oct 2007	30 Sep 2008
Justification	<p>Currently, the legal framework in the Kyrgyz Republic lacks a basic statement regarding the hierarchy of laws, including which legal acts are superior and which are subordinate. Legal acts adopted later in time prevail without regard to status, but laws and regulations are most often adopted not as a package and thus many of the earlier adopted laws and regulations are never being brought into compliance with the new ones. As a result, for citizens to know and assert their rights, they must have perfect knowledge of the legal framework. The lack of a clear hierarchy results in confusion amongst citizens, is a disincentive to entrepreneurs and foreign investors, and leads to a lack of confidence in the rule of law and abuse by government officials. Through the LIME, TFI, and BEI Projects, USAID has supported efforts to improve the Law "On Normative Legal Acts" to establish a clear hierarchy. With the President's Administration, Department of Entrepreneurship Development of the Ministry of Economic Development and Trade, the Ministry of Justice, and other private sector partners, BEI will continue to promote appropriate amendments to the Law and subsequent implementation through appropriate sub-normative acts.</p>		
Forecast Result	<p>It is expected that amendments to the Law "On Normative Legal Acts" and necessary sub-normative acts will be adopted, providing increased clarity and certainty in the legal system. PMP: PR2, IRI, IR2</p>		
Intermediate Tasks	<ul style="list-style-type: none"> • Amendments to the Law "On Normative Legal Acts" are presented to the Government for approval. - November 2007 – May 2008 • Together with local experts, BEI evaluates the effectiveness of sample laws or regulations passed without an accompanying package of documents and the findings are submitted to the Government and Parliament in collaboration with USAID Kyrgyzstan Parliamentary Strengthening Project implemented by MSI for further discussion. - January 2008 – May 2008 • If Parliament adopts the amendments and the President signs the Law, BEI, with government and private sector partners draft necessary sub-normative acts, including the internal operating regulations (reglements) of the Government and Parliament and submit for approval. - March 2008 – June 2008 • BEI conducts a review of the national Government and at least 2 sub-national government bodies to evaluate compliance with provisions of the new Law. - July 2008 • An information and training campaign is conducted for legal professionals to build knowledge of the changes and the impact on the legal 		

	<p>system. - September 2008</p> <ul style="list-style-type: none"> Based on findings of the analyses, BEI presents recommendations to the bodies and facilitates any necessary operational or information management improvement for effective implementation. - September 2008 		
Status and Comments	<p>The Country Development Strategy for 2007–2010 provides for the Ministry for Economic Development and Trade (MEDT) to be the lead drafter of the draft law “On normative Legal Acts.” In order to draft the Law in question, in November, 2007, MEDT created a working group with representatives from MEDT, the Ministry of Justice (Moj), and BEI. However, due to the specific subject matter the working group realized in December that the Moj needed to be the lead drafter. This switch has slowed progress on the law, and Moj is currently forming a working group under the ministry to develop a new version of the draft law aimed at establishing a clear hierarchy of legislation and at identifying stages in the legal drafting process to incorporate RIA and involve the private sector in discussion and development of draft normative legal acts.</p> <p>In order to assess the effectiveness of sample laws and regulations passed without an accompanying package of documents, in March 2008 BEI subcontracted with a local expert to perform analytical research in this area. Research findings will be presented in May 2008 to Parliament and Government.</p>		
No.	Objective	Start Date	End Date
KR 06	Increase Private Sector Participation in the Legal and Regulatory Drafting Processes and Improve Implementation of Drafting Procedures	1 Oct 2007	30 Sep 2008
Justification	<p>The Law “On Normative Legal Acts” not only sets out the basic principles of the legal framework, but it also articulates the requirements of the legal and regulatory drafting process. The previous TFI Project was successful in promoting requirements in the Law that draft normative acts be published for comment and these requirements were included in the TFI-supported operating regulation (reglment) of the Government. However, many drafts continue to be unpublished, basic analysis is not conducted and citizens do not fully avail themselves of the opportunities to comment on drafts. During the 1st contract year, BEI supported the development of model commentaries to draft laws by private sector partners. With government and private sector partners, BEI will utilize existing models and provisions in the Law and regulation of the Government to increase private sector input into the process through facilitation of increased private sector comment and strengthening of private sector comments through the use of basic quantification and impact assessment tools.</p>		
Forecast Result	<p>With BEI support, private sector counterparts will provide comments, including basic assessment of impact, to at least 6 draft laws or regulations. PMP: PR2, IR2, IR3</p>		
Intermediate Tasks	<ul style="list-style-type: none"> Model private sector-developed draft commentaries are distributed to private sector partners and Government and Parliament with basic information regarding the effective use of legal and economic impact assessment. - October 2007 - COMPLETED Roundtables, with local experts, are held in at least 4 regions of the country for private sector partners to present the models and the assessment methodology. - December 2007 - COMPLETED With private sector partners, using the activities outlined in KR-11 and employing at least 2 different media products using TV and radio, and at least 2 print articles, are created to promote the use of basic economic impact assessment to empower advocacy. - February 2008 - COMPLETED At least 6 existing or draft normative acts are circulated to private sector partners and targeted partners are selected to receive BEI consultation to develop commentary including impact assessment. - September 2008 Model commentaries developed during the contract year are circulated to all partners through the BEI Information Network. - September 2008 		

	<ul style="list-style-type: none"> • BEI monitoring completed regarding changes introduced in drafts as a result of detailed commentary. - September 2008 		
Status and Comments	<p>In December 2007, Government approved the RIA Methodology developed by BEI, Ministry for Economic Development and Trade, and Investment Council to be used for analyzing business-focused legislative acts. The introduction of RIA Methodology is expected to create the formation of appropriate departments in the Government's Office and Ministry for Economic Development and Trade.</p> <p>In addition to articles on RIA, BEI developed an RIA methodological manual and disseminated it among the state and private sectors, online websites, and news agencies, and arranged an analytical radio show on the topic.</p>		
No.	Objective	Start Date	End Date
KR 07	Streamline Contract Enforcement Procedures and Increase Use of Alternative Dispute Resolution	1 Oct 2007	30 Sep 2008
Justification	<p>Formal dispute resolution through the existing judicial system in the Kyrgyz Republic is time consuming and costly. Many entrepreneurs lack the resources to hire appropriate legal representation and many disputes are reportedly not solved on the merits. Contracts are a tool for parties to both allocate risk and avoid uncertainty. However, many contracts are poorly developed and improperly used by parties leading to contract breach and the necessity of seeking formal relief in the judicial system. Under the previous LIME Project and during the first year of the BEI Project, USAID provided support to the International Court of Arbitration to promote the use of arbitration as an alternative to judicial resolution of disputes. BEI will continue to support the ICA and provide appropriate consultative assistance. At the same time, BEI will encourage the use of additional mechanisms for dispute resolution and promote improved contracting practices to increase compliance and decrease costs associated with poor agreement formation.</p> <p>Activities under this objective are coordinated with USAID/Kyrgyzstan Country Office and, if necessary, modified when the MCC Threshold Program is started.</p>		
Forecast Result	<p>BEI will support partners serving at least 2 industries to pilot improved contract development practices and negotiation and mediation services resulting in at least 2 resolved pilot disputes during the year. With grant and consultative support from BEI, the ICA will resolve at least 12 cases through arbitration and will achieve a revenue/expense ratio of at least .39.</p> <p>PMP: IR4</p>		
Intermediate Tasks	<ul style="list-style-type: none"> • A seminar is conducted for private sector partners (inc. business associations, law firms, media, and other service providers) on alternative dispute resolution mechanisms (negotiation, arbitration and mediation) and opportunities as well as on 3rd party contract development services. - December 2007 - COMPLETED • Through the seminar and follow-on consultation, at least 2 selected private sector partners chosen from seminar attendees are identified to pilot negotiation and mediation service development. - January 2008 – PARTIALLY COMPLETED • With regional or international experts, trainings and direct consultation are provided to partners above to build the capacity to provide ADR services. - March 2008 – COMPLETED • BEI supports the dissemination of summaries of court decisions prepared by the project partners among the private sector regarding the enforcement and interpretation of Commercial Law norms pertaining to such important issues as tax relations, land issues, etc., to help businesses develop better contracts and increase their understanding of court practices in resolving economic disputes based on the content of the summaries. - March 2008 - COMPLETED • With partners, both targeted advertising and a broader information dissemination campaign, including through radio, television and 		

	<p>the BEI Information Network, is conducted to promote various mechanisms of ADR. - June 2008</p> <ul style="list-style-type: none"> Throughout the contract year, quarterly reviews are conducted of the ICA to determine compliance with grant provisions and identify areas of additional consultative support to support increased financial sustainability and demand for arbitration services. - September 2008 		
Status and Comments	<p>On January 23, 2008, in Bishkek the Center for Political and Legal Studies with assistance of BEI held a round table dedicated to “Development of Mediation to Regulate Disputes in Business Environment of Kyrgyzstan: Opportunities and Prospects” for business associations, law firms and international organizations. The round table resulted in BEI identifying 1 ADR partner willing and able to cooperate in developing pilot services in mediation and negotiation. This partner, the Center for Political and Legal Studies, has submitted a plan of activities and budget. The budget and the issue of the format of subcontracting this organization are currently being considered by BEI.</p> <p>With BEI’s assistance, the Central Asian Legal Library continues collecting, processing and entering judicial opinions on economic disputes into the Judicial Opinions Database. The judicial practice reviews are disseminated electronically and in hard copies via the BEI Information Pipeline, website and printed publications. Starting March 2008, the reviews will be presented in a format of theme-based packages: judicial opinions on land, tax, and other disputes.</p> <p>BEI plans to closely cooperate with the new USAID judicial reform initiative and hand over to it the activities on promoting ADR and supporting ICA, while continuing to fully focus on the dissemination of judicial opinions.</p>		
No.	Objective	Start Date	End Date
KR 08	Develop Information Dissemination Network and Increase Private Sector Capacity to Utilize Information and Media to Protect Individual Rights and Build Demand for Reform	1 Oct 2007	30 Sep 2008
Justification	<p>Accurate and timely information is necessary for entrepreneurs to individually protect their rights and to build demand for reform. BEI will develop a robust information network and build the capacity of information intermediaries to provide necessary information and reinforce their role and value to entrepreneurs. By enlisting business associations, academic organizations, law firms, business consulting companies, legal clinics, business support centers, and other organizations as well as interested media (including electronic, printed, TV and radio) that work with or service entrepreneurs, BEI will leverage existing relationships to develop a value information system. Across many activities, legal information, guides, manuals, analysis, and other products will be developed and supplied to intermediaries. By providing information and materials to intermediaries and training them on dissemination practices, BEI will supply the products that the intermediaries will use to service their clients, members and constituents. The usage and value of anticipated information products will be tracked at the end-user level to evaluate both the strength of the network and the activities of the intermediaries. While BEI may from time to time develop information materials in hard copy, the strength of the network relies on the dissemination of materials in electronic form that can then be distributed by intermediaries in perpetuity and regularly updated, eliminated barriers to access to information and staleness issues created when only limited-run hard copy materials are used. Also, this strategy will allow for unlimited geographic reach, and no-cost expansion.</p>		
Forecast Result	<p>BEI developed information products are successfully disseminated by information network partners and media campaigns anticipated in other work plan items are received by over 75% of at least 1000 respondents in the validation activity. PMP: IR1, IR2, IR3</p>		
Intermediate Tasks	<ul style="list-style-type: none"> BEI will develop its information strategy to be passed to USAID. - October 2007 - COMPLETED A roundtable of local media organizations is conducted to present the BEI information strategy for Kyrgyzstan, seek their input, and enlist their support as partners in the dissemination of information through newspapers, television, radio, and electronic mechanisms. - October 2007 - COMPLETED 		

	<ul style="list-style-type: none"> • At least 30 information intermediaries (media, including major electronic media outlets, associations, law firms, legal clinics, business support organizations, etc) join the BEI Information Network in the Kyrgyz Republic. - December 2007 - COMPLETED • Training is conducted for information intermediaries on effective constituent communications, media relations, and various opportunities to utilize BEI-provided information and materials to build the strength and value of their organizations. - January 2008 – COMPLETED • As indicated in other work plan items, BEI developed or supported information and materials are disseminated to network members. - September 2008 • At least 80 information intermediates join the BEI Information Network. - September 2008 • A survey of over 1000 end users indicate that at least 75% receive information provided by BEI to information intermediaries. - September 2008
Status and Comments	<p>The BEI developed and approved information strategy was also presented to local media as a plan for disseminating information via the BEI Information Pipeline, covering more than 60 business associations and media outlets. The Information Pipeline disseminates press releases, article and media products developed by BEI and its partners.</p> <p>BEI met with economic journalism partners and the Bishkek Business Club on creating an Economic Club, with resulting agreement that in order to create such a platform the need to train economic reporters must be addressed. Through on-going consultations and roundtables, BEI provided training for counterparts, and a more detailed series of training for media representatives from on economic topics to better prepare articles on business events and developments is planned for the future.</p>

TAJIKISTAN (TJ)

No.	Objective	Start Date	End Date
TJ 01	Improve the Legal Framework and Implementation of Laws and Regulations Governing Activities of Foreign Investors	1 Oct 2007	30 Sep 2008
Justification	<p>During the 2006-2007 contract year, BEI promoted adoption of a new Law “On Investments” developed with the support of USAID under the previous TFI Project. The law included a number of positive changes in the legal framework for foreign businesses including the elimination of a local staff requirement and a discriminatory charter capital requirement. However, many laws and regulations continue to contain discriminatory provisions that impair private foreign investment in Tajikistan. According to the 2007 World Bank Doing Business report, Tajikistan ranks 133rd out of 175 countries when considering the total difficulty of doing business. On key processes for foreign investors, the rankings are abysmal: 172/175 for Protecting Investors; 163/175 for Trading Across Borders. BEI will work closely with the new RTLC Project on any identified issues that involve trade and WTO accession. Together with the State Committee on Investment and State Property Management and private sector partners, BEI will complete a review of the legal framework and regulations and identify important areas for harmonization and improvement to eliminate disincentives to foreign investment.</p>		
Forecast Result	<p>It is expected that at least 3 reportable PR2 results will be achieved directly through this objective. It is anticipated that many more disincentives will be identified and issue promotion through private sector partners and the media will be used to bring attention to structural and deeply-rooted problems that require more intensive solutions. PMP: PR2, IR1, IR2, IR3</p>		
Intermediate	<ul style="list-style-type: none"> • Upon the initiation of the American Chamber of Commerce in Tajikistan and other private sector partners, BEI will support the 		

Tasks	<p>establishment of a focus group on foreign investment. - November 2007 - COMPLETED</p> <ul style="list-style-type: none"> • Notice is published in print media and electronic notice of the creation of the group is disseminated to the private sector. - December 2007 - COMPLETED • Through the investors group, relevant laws and regulations will be reviewed to identify key disincentives to foreign investment. - January 2008. - COMPLETED • BEI will support public meetings and an information dissemination campaign led by private sector partners to present preliminary findings to membership, government partners, and the broader business community for comment. - March 2008 – COMPLETED • With BEI support, legal amendments are developed and any necessary strategies to address non-legal barriers (such as abuse of discretion problems that disproportionately impact foreign investors) are developed. - May 2008 • The investors group presents the recommendations and reforms to the State Committee on Investment and State Property Management and any other appropriate government bodies. - June 2008 • BEI provides follow-on support and consultations to private sector partners as necessary to increase their ability to build cross-cutting demand for effective implementation and on-going monitoring of the government reforms. - September 2008 • In support of the improvements, through the investors' group, support a media campaign including radio and television products to address any issues correctable through increased information dissemination, to promote protection of rights, and to encourage adoption of the recommendations. - September 2008 		
Status and Comments	<p>BEI, with the American Chamber of Commerce in Tajikistan (registration pending), conducted three focus groups on the attraction of foreign investors with private sector counterparts. Focus group participants recommended to work with the Consultative Council on Investments under the President of TJ and to work through the Secretary of that Council.</p> <p>BEI has identified the key laws and regulations impacting foreign investors and is actively working with private sector partners to raise proposed changes with the Council. Through electronic and print media, BEI supported articles on investment issues have been disseminated to private sector and government counterparts.</p>		
No.	Objective	Start Date	End Date
TJ 02	Build Demand to Streamline and Improve Construction Permitting and Oversight Processes	1 Oct 2007	30 Sep 2008
Justification	<p>According to the annual World Bank Doing Business report, Tajikistan's "Dealing with Licenses" (construction permitting) rank is 85 (18 procedures, 187 days, and 154.7% of per capita GNI). During the 1st contract year, BEI completed a validation of the processes that revealed it was much more expensive and difficult than the World Bank analysis indicates. The process wasn't known by many government and private sector counterparts and bribery is reportedly frequent. Moreover, since the process is administered locally regional variations exist. Through the use of intensive information dissemination and targeted international expertise, in collaboration with key private sector partners, BEI will build demand for fundamental change to get government buy-in at both the national and local levels to address the processes.</p>		
Forecast Result	<p>Effective reform of this complex process is expected to take more than 1 year to complete. But, BEI, in collaboration with private sector partners, expects to build public demand for future reform during the year and eliminate at least 3 areas of non-compliance with the existing law and regulations. PMP: PR1, PR2, IR1, IR2</p>		

Intermediate Tasks	<ul style="list-style-type: none"> • Creation of working group including representatives from construction companies, associations and secondary organizations. – November 2007 - COMPLETED • With a short-term international expert, analysis completed regarding licensing, certification and accreditation regime for businesses and experts in the construction process including a detailed assessment of all government bodies, laws, regulations, steps within procedures, international best practice and a roadmap for reform with specific recommendations. - March 2008 - COMPLETED • Initial analysis presented to working group for discussion. - April 2008 • Present analysis, international best practice, and recommendations to the Government. - May 2008 • Present analysis, international best practice, and recommendations through a media campaign to increase demand for specific changes. - July 2008 • Address identified issues that can be eliminated immediately without legal changes. - August 2008 • BEI provides follow-on support and consultations to private sector partners as necessary to increase their ability to build cross-cutting demand for effective implementation and on-going monitoring of the government reforms. - September 2008 • Conduct regional seminars with counterparts in at least 3 regions of the country to present the analysis, best practice and recommendations. - September 2008 		
Status and Comments	BEI supported the creation of a working group with private sector and expert representatives on construction. With the assistance of international expert Sherry Khan, the initial review of construction has been completed and the recommendations and action plan are under consideration.		
No.	Objective	Start Date	End Date
TJ 03	Reduce the Tax Burden for Entrepreneurs Through Support to the National Association of Small and Medium Enterprises to Promote National Reform	1 Oct 2007	30 Sep 2008
Justification	<p>According to the 2007 World Bank Doing Business report, in Tajikistan, entrepreneurs are required to make 55 tax payments annually, requiring 224 hours and consuming 87% of profit. When compared against 175 countries, Tajikistan ranks 154. However, BEI's validation of the process indicates that the actual rate is at least 92% of profit, based on the assumption that locally imposed revenue taxes are actually passed through to customers, although in most cases they are not charged in addition to marked prices. With unofficial collection targets for inspectors encouraging excessive and abusive inspections, the tax regime, in reality, is worse than the ranking indicates. Not only are administrative costs onerous and compliance difficult, but the confiscatory rate is a large disincentive to business activity and an overall incentive to shadow operation and corruption. A new tax code was adopted in 2004, with 4 amendments from 2005 to 2007. Currently, the National Association of Small and Medium Enterprises is engaged with government leaders on the issue of tax policy and administration. Through collaboration with the Fiscal Reform Project (BearingPoint) and the State Committee for Investments and State Property Management, with grant funding to the NASME, and expert input from the Chamber of Tax Consultants of Kyrgyzstan, BEI will support efforts to bring rational reform to the system.</p>		
Forecast Result	<p>Given deeply entrenched interests and the complexity of the issue, it is unlikely that significant reform will occur in the year. However, at least 6 media products will be developed and disseminated during the year on tax issues that identify and promote best practice reforms and provide a foundation for work in the following years. PMP: PR1, PR2, IR1, IR2, IR3</p>		

Intermediate Tasks	<ul style="list-style-type: none"> • The National Association of Small and Medium Enterprises submit a grant application for expert support. - November 2007 - COMPLETED • An expert group on tax issues is formed by the NASME. - December 2007 - COMPLETED • The expert group, with BEI assistance, identifies 6 potential tax topics for future expert commentary to be published in local newspapers. - December 2007 - COMPLETED • With BEI, the Fiscal Reform Project, and Chamber of Tax Consultants assistance, the expert group conducts a legal and economic review of the tax code and develops recommendations for improvement. - February 2008 - COMPLETED • The preliminary recommendations are presented to the public, private sector partners, and the State Committee for feedback. - March 2008 - COMPLETED • Based on feedback and discussions, necessary legal acts and final recommendations are drafted. - July 2008 • BEI provides follow-on support and consultations to private sector partners as necessary to increase their ability to build cross-cutting demand for effective implementation and on-going monitoring of the government reforms. - September 2008 • Developed materials are presented to the Government for consideration. - August 2008 • With BEI support, and the participation of the National Association of Small and Medium Enterprises, a series of media products are developed and disseminated to explain and promote the recommended changes. - September 2008 		
Status and Comments	The NASMB was awarded a grant from the BEI Grant Program to promote tax reform. The draft of the <i>Financial and Economic Analysis of the Tax Code</i> has been developed and sent for consideration to partners. The NASMB is also planning to conduct three regional roundtables on the analysis in April, in cooperation with regional Departments on Investments and State Property Management of RT.		
No.	Objective	Start Date	End Date
TJ 04	Reduce Cost and Time Required to Register a Business	1 Oct 2007	30 Sep 2008
Justification	<p>According to the 2007 World Bank Doing Business report, in Tajikistan, Starting a Business requires 67 days and completion of 14 procedures. Initial charter capital equal to 379% of per capita Gross National Income is also required, although approximately 80 countries included in the Doing Business report require no charter capital. Tajikistan ranks 28th (last) in the difficulty of Starting a Business in comparison to other countries in Europe and Central Asia, and 166th of 175 countries when compared to the entire field. BEI validation of the process indicated that Starting a Business, by law, is less difficult than reported in the Doing Business analysis, but significant problems exist. Lack of knowledge of the existing process was also revealed by BEI to be a significant problem facing both government regulators and private sector applicants. During the 2006-2007 contract year, BEI completed a Guide to Starting a Business in Tajikistan that was endorsed by the State Committee on Investment and State Property Management and approved by the Ministry of Justice. The Guide was distributed electronically via the BEI web site and via CD-ROM to state agencies with the support of the State Committee. The next step in the reform of the registration process requires changing the legal framework for registration to eliminate opportunities for abuse of discretion by government actors involved in the process and reduce costs. Working with government and private sector partners, BEI will promote specific reforms in the registration process that can be addressed immediately to provide relief to potential entrepreneurs, including elimination of the charter capital requirement and the post-registration notarization requirement. BEI will also collaborate with the World Bank and other donors to develop and promote more complete reform in the registration process to address and eliminate deeply-rooted sources of problems for entrepreneurs.</p>		
Forecast Result	BEI expects the initial minimum charter capital requirement will be eliminated or reduced at least 50%. The number of steps required for Starting a Business (as measured by the World Bank) will be reduced to at most 10 procedures and require no more than 40 days to complete. Additionally, BEI will build demand for more robust evaluation and reform of the process through focus on Doing Business		

	reform leaders and best performers. PMP: PR1, PR2, IR1, IR2		
Intermediate Tasks	<ul style="list-style-type: none"> • Through lobbying by BEI and private sector counterparts, business registration is identified as a key process for reform by the State Committee on Investment and State Property Management. - December 2007 - COMPLETED • With the involvement of a short-term expert complete an analysis on the initial capital requirements for businesses, including purpose and value, in comparison to other CAR countries and best practice. - January 2008 - COMPLETED • Working with private sector partners, develop and submit to the State Committee a plan of reform to eliminate legal inconsistencies and contradictions in the existing legal framework, elimination or reduction of the initial charter capital requirement and elimination of post-registration notary requirements. - January 2008 - COMPLETED • BEI through private sector counterparts publishes media materials on current best practices in registration to build demand for immediate changes and long-term reform of the process. - March 2008 - COMPLETED • Seminars are held in at least 3 regions on registration, including the presentation of best practice examples, to build demand for improvement. - March 2008 - COMPLETED • The reform and implementation strategy, with necessary legal materials, is finalized and submitted to the State Committee. - June 2008 • Legal amendments are submitted to the Government for consideration and approval. - August 2008 • If approved, legal amendments are submitted to Parliament by the Government. - September 2008 • BEI provides follow-on support and consultations to private sector partners as necessary to increase their ability to build cross-cutting demand for effective implementation and on-going monitoring of the government reforms. - September 2008 • Through media partners, the BEI-supported demand building and information campaign is conducted. - September 2008 		
Status and Comments	Through efforts by BEI, streamlining business registration has been prioritized by the Government for reform, including by the President during the December meeting with entrepreneurs. BEI supported the development of analysis on business registration, notary requirements and charter capital. BEI supported information on the targeted issues has been developed and disseminated to partners to build demand for future specific reforms.		
No.	Objective	Start Date	End Date
TJ 05	Improve Clarity and Streamline Procedures for Re-registering or Closing a Business	1 Oct 2007	30 Sep 2008
Justification	In Tajikistan, the laws and regulations governing the process to re-register and to voluntarily close a business and remove it from the roster of operating companies are confusing, contradictory and incomplete. As a result, entrepreneurs experience arbitrary decision making by government regulators and are unable to identify or protect their rights leading to processes that are often more difficult, costly, and time-consuming than start-up registration. BEI will work with the State Committee on Investment and State Property Management and the private sector to encourage government focus on the problem and to develop necessary legal materials, supported by a robust information effort to promote government compliance with laws and regulations and increase the power of the private sector to protect their rights.		
Forecast Result	Through surveying of government and private sector representatives, 70% of government respondents involved in these processes and 70% of private sector respondents who completed the re-registration or de-registration processes will report they are aware of the actual procedures and 50% of both groups will report compliance or near compliance. PMP: PR2, IR1, IR2		
Intermediate Tasks	<ul style="list-style-type: none"> • BEI, with private sector counterparts, completes a legal and process analysis of the procedure for voluntary de-registration and re-registration. - November 2007 - COMPLETED 		

	<ul style="list-style-type: none"> Based on the analysis, a plain-language guide to de-registration and re-registration are developed with the endorsement of the State Committee and published to private sector and government counterparts. - March 2008 – May 2008 With private sector counterparts and the State Committee, reform recommendations are developed, including solutions that can be implemented immediately and a strategy to address long-term solutions. - April 2008 - COMPLETED With private sector counterparts and the State Committee, a series of seminars in at least 3 areas of the country are conducted to present examples of best practice, discuss barriers in the existing legal regime, and to promote long-term reform. - June 2008 Any necessary legal acts are developed to harmonize the existing legal regime and to introduce identified reforms. - July 2008 BEI provides follow-on support and consultations to private sector partners as necessary to increase their ability to build cross-cutting demand for effective implementation and on-going monitoring of the government reforms. - September 2008 Legal acts are presented via State Committee to the Government for approval. - September 2008 With private sector counterparts and the State Committee, media products are developed and disseminated to call attention to positive reforms developed and promote adoption and implementation. - September 2008 		
Status and Comments	<p>BEI completed the analysis on voluntary de-registration and distributed it to counterparts. The draft plain language guide was completed, but publication is delayed until May 2008 to incorporate all feedback and suggestions from counterparts.</p> <p>Based on the initial analysis, BEI submitted specific recommendations to the State Committee to speed the procedures and reduce costs.</p>		
No.	Objective	Start Date	End Date
TJ 06	Support Implementation of the Licensing Law and Regulations	1 Oct 2007	30 Sep 2008
Justification	<p>The World Bank Doing Business analysis “Dealing with Licenses” addresses only the time and costs required for completing a uniform construction project. In Tajikistan, USAID, through both the TFI and BEI Projects has been supporting reform in the licensing regime for many years. During the 2006-2007 contract year, BEI developed and supported a package of 32 legal amendments required to harmonize the legal regime with changes to the licensing law in 2006. In addition, BEI developed an amendment to the licensing law itself that eliminated the 5 year limitation on licenses as well as developed a regulation of the government to implement the licensing law that eliminated many unnecessary license transactions and provided other benefits for entrepreneurs. However, focused support to implementation is required to facilitate compliance with other provisions of the law, including that licenses be issued within 30 days of application submission. Currently, entrepreneurs report that government bodies often take longer than 30 days to approve applications, even up to 1 year in some cases. Building on the previous working relationship with the World Bank, BEI expects to assist future World Bank support to the State Committee on Investment and State Property Management by providing consultative support to efforts to review the operations of targeted licensing bodies and the facilitation of operation and legal improvements to promote legal compliance and improved service. Tasks in this area assume a high and level of Government commitment and openness to be secured through the World Bank.</p>		
Forecast Result	<p>With Government commitment through the State Committee and World Bank support to the issue, it is expected that, after analysis and implementation, a review of licensing applications at targeted licensing bodies will indicate at least 50% compliance with the 30 day application consideration requirement.</p> <p>PMP: PR2, IR2</p>		
Intermediate Tasks	<ul style="list-style-type: none"> Provide consultative support to the World Bank to develop its plan of support to the State Committee related to licensing reform. - November 2007 - COMPLETED Based on input from private sector partnership and discussion with the World Bank identify at least 2 types of licenses for analysis 		

	<p>and process reform. - December 2007 - COMPLETED</p> <ul style="list-style-type: none"> Assuming the Government agrees to an operational review with BEI and the World Bank, develop the review plan with government counterparts. - January 2008 - COMPLETED Complete a baseline review of document requirements as well as time and financial costs for licensing issuance for selected licenses. - February 2008 - COMPLETED With private sector and expert support, review the legal framework and implementing orders and instructions at the ministry/agency level to identify any legal acts requiring elimination or amendment and submit to the licensing bodies and the State Committee. - March 2008 - COMPLETED With the support of the State Committee, and involvement of the World Bank consultant, complete a basic operational and functional review of the licensing bodies previously identified. - May 2008 Present operational review findings to the licensing bodies and the State Committee with recommendations. - July 2008 Conduct a media campaign with the State Committee to inform the public of the analysis and results as well as to create demand for implementation of legal and operational improvements. - July 2008 Promote and monitor adoption of reforms. - September 2008 BEI provides follow-on support and consultations to private sector partners as necessary to increase their ability to build cross-cutting demand for effective implementation and on-going monitoring of the government reforms. - September 2008 If targeted reforms are successful, identify opportunities to replicate reforms across other licensing bodies. - September 2008 		
Status and Comments	BEI collaborated closely with the World Bank to develop next stage licensing reforms. With consultation with BEI, WB experts completed an operational review of pharmaceutical and construction sector licensing activities including document requirements and the legal framework.		
No.	Objective	Start Date	End Date
TJ 07	Analyze and Improve Current Government Proposals Regarding Special Economic Zones	1 Oct 2007	30 Sep 2008
Justification	<p>In Tajikistan, as in other areas of Central Asia, Special Economic Zones are frequently considered as options for sub-national economic growth, especially by oblast and cities leaders who are pressured to developed economic plans by central governments pursuing historic models of central planning as the key to private sector economic growth. Especially given the centralized nature of economic policy and the national coverage of existing laws and regulations governing most areas of economic activity, it is uncertain what real opportunities exist to carve-out special geographic niches for favorable discriminatory treatment. Also, considering the cost associated with implementing different regulatory systems, weak controls over corruption and arbitrary decision making and geographic impediments to economic activity, it is uncertain how effective Special Economic Zones can be as a facilitator of economic growth. In Sogd Oblast, a geographically distinct area of Tajikistan located in the Ferghana Valley, Special Economic Zones are being considered and prioritized by the regional administration. BEI will work with the local administration and private sector partners, with the input of international experts, to fully evaluate the potential impact of a SEZ and whether it is a feasible solution for regional development in this area of Tajikistan.</p>		
Forecast Result	<p>The result will depend on the analysis. If expert analysis indicates that the SEZ model is inappropriate for Sogd, or Tajikistan in general, the forecast result would be the successful rejection of the SEZ concept and a refocusing of government attention on other barriers to development. If the analysis reveals the model has potential, the expected result would be effective implementation of the concept. PMP: PR2, IR1, IR2</p>		
Intermediate	<ul style="list-style-type: none"> Analytical group developed with representatives from Sogd Oblast, the private sector, and BEI to consider the issues of a Special 		

Tasks	<p>Economic Zone in Sogd Oblast. - January 2008 - COMPLETED</p> <ul style="list-style-type: none"> • Based on the initial analysis, through the expertise of an international short-term consultant, an analysis is completed comparing factors in Sogd to those factors that are generally present in successful SEZs and suitability to Tajikistan. - April 2008 • The consultant's preliminary findings are presented to the regional and national government through direct presentation and subsequently by BEI. - May 2008 • Analysis and recommendations are disseminated by the information network and via the media. - June 2008 • If BEI and the expert view the solution positively, an implementation plan is developed for further action. - June 2008 • If BEI and the expert view the solution negatively, all attempts will be made to focus the local government on more promising solutions. - June 2008 		
Status and Comments	With BEI assistance, the SEZ analytical group has been created. The President, in December, prioritized the implementation of SEZ in TJ.		
REGIONAL (RE)			
No.	Objective	Start Date	End Date
RE 01	Monitoring and Evaluation (Year 2)	1 Oct 2008	30 Nov 2008
Justification	To ensure effective project implementation, issue prioritization, and data quality, periodic monitoring and evaluation is anticipated in the Performance Monitoring Plan. With short-term assistance provided by its subcontractor, The Mitchell Group, BEI will review project activities, results achieved to date, issue prioritization, data quality, and information systems utilized through the first 12 months of project activities.		
Forecast Result	Assessment of project activities and validation of project data.		
Intermediate Tasks	<ul style="list-style-type: none"> • With short-term expertise provided by The Mitchell Group, project activities, results, and systems are evaluated in each country and an assessment report submitted to BEI. - November 2007 – COMPLETED 		
Status and Comments	The evaluation was completed and recommendations provided by The Mitchell Group were incorporated into proposed PMP changes, including the conducting of impact case studies, that were submitted for USAID consideration in April 20008.		

PROJECT RESULT #2 IMPACT TABLES

Kazakhstan													
No.	Initiative / City	Date Completed	Partner or Direct	Problem Details	Recommendations	Result	Impact Assumptions and Calculation	Reductions		% GNIPC	Total Impact (\$)	Monitoring Ratio	Attribution (WB DBI)
								Steps	Days				
1	Optimization of PSC operations / Oral, KZ	Feb-08	Partner - Independent Association of Entrepreneurs of WKO	Problems PSC users identified with the Oral center included a lack of knowledgeable service agents, resulting in long lines at consultants to ask for directions, and the cost and lack of receipts for copying services. Without receipts companies were forced to advance funds to staff as salary, rather than recording them as expenses, resulting in an additional tax of 30% on copying.	BEI and IAEWKO recommended several fixes: installation of a PSC helpdesk with staff on-site and telephone support, issuing of official receipts by the copying service, and a reduction in copying rates.	Oral PSC has installed a new information window as a customer helpdesk, with two outside lines for support to entrepreneurs. Cash registers were installed for use by the copying service to provide receipts, and the proposed reduction in copying rates remains under consideration.	PSC administration estimates 310,000 entrepreneurs use the center per year, 50% (155,000) employ the in-house copying service, for an average of 4 copies per person, each costing \$.17. Estimated economic impact in saved payroll taxes is therefore: $155,000 * 4 * $.17 = \$105,400 * 30\% = \$31,620$ annually. Estimated GNIPC is then .005%. The impact of reduced wait times is being analyzed.	0	0	0.005%	\$31,620	Pending	
2	Improved land registration procedures / Oral, KZ	Jan-08	Partner - Independent Association of Entrepreneurs of WKO	Registration of documents in the Oral Land Department was regularly delayed, and often document packages required repeated submissions because instructions were improper or incomplete, and no schedule for document review times was established by law or regulation.	BEI, IAEWKO, and the Oral Akimat agreed to develop a formal mechanism for allocating land, to improve instructions, and to establish processing time limits.	On January 11, 2008, the Land Registration Working Group presented new procedures for land allocation and a brochure on registration procedures and timelines. The procedures were adopted by the Akimat and published in brochures and on the Akimat's Small Enterprise Department website.	The Oral Land Department Office processes an estimated 16,000 applications per year, 20% (3,200) for land registration, at an average of 20 weeks processing time, requiring from entrepreneurs 1.25 working days per week per application, or 25 working days total. New procedures require completion of the process within 14 weeks, saving an average of 7.5 working days per application. At an estimated \$40/day average salary for staff working with the Land Registration Office, estimated total impact is $(3,200 * 7.5 * \$40)$, or \$960,000 annually. Estimated GNIPC is	0	7.5	7.9%	\$960,000	Pending	

							7.9%.							
3	Moratorium on business inspections / Astana, KZ	Feb-08	Partner - Forum of Entrepreneurs of Kazakhstan	According to the 2005 WVB/EBRD BEEPS, businesses are inspected an average of 11.7 times/year, requiring over 16.3 working days per firm. Businesses report inspections are excessive and provide opportunities for corruption.	BEI and the Forum of Entrepreneurs of Kazakhstan recommended a halt or reduction in inspections, and revision of sections of the Law "On Private Entrepreneurship", that allow excessive discretion by inspectorates.	On February 21, 2008, the President ordered a moratorium on all business inspections until December 31, except "certain categories of businesses, which influence the safety and health of citizens."	Based on estimates from the 2005 BEEPS, and excluding fire and sanitation inspections, each business is estimated to undergo 7.3 fewer inspections this year, saving 3.3 days time. With an estimated 250,000 businesses affected by the moratorium, and staff expenses per business at an average of \$50 per working day for 2 persons, this moratorium will save an estimated 815,000 working days, or \$81,500,000. Estimated GNIPC is 8.7%.	7	3.3	8.7%	\$81,500,000	Pending		
4	Improved business registration procedures / Zelyonovskiy region, KZ	Oct-07	Partner - Independent Association of Entrepreneurs of WKO	The Akimat in Zelyonovskiy region had not adopted clear implementing procedures for business registration resulting in confusion and excessive delays in the registration process.	BEI, IAEWKO and the Akimat agreed to develop formal registration procedures and publish information for government staff and businesses.	The Akimat, with the Justice Department, developed and adopted formal procedures for registration, including clear articulation of steps, expected processing times, and required documents.	According to estimates from the local Enterprise Department, entrepreneurs in the region spent on average 3 working days researching the requirements for registering their business. The publishing of a formal process reduces research time to a negligible amount for the 400 applicants per year in the region. One day's salary for employees engaged in this process is estimated at \$30 for the region. Total economic impact is then $400 * 3 * \$30 = \$36,000$. GNIPC is estimated at 2.4%.	0	3	2.4%	\$36,000	Pending		
5	Clarification and publication of construction requirements and process information / Oskemen, KZ	Mar-08	Partner - Foundation for Informational Support of Society Development (FIPRO), Association of Professional Builders	In East Kazakhstan Oblast the construction laws, regulations, process, and required documents were unpublished, unclear, and required excessive research time for entrepreneurs, construction companies, and even government agents. Lack of clarity in this process led to delays in construction, confusion	BEI, FIPRO, and the Association of Professional Builders recommended clarification and publication of construction requirements in EKO.	With the support of the Oskemen Government and the Department of Architecture and Construction, the process and requirements were defined and published (including on the Government web site) in a consolidated guide	Accurate assessment of impact for this information access will require monitoring and surveys of all three constituent groups, during validation. Impact is TBD.				TBD	Pending		

				among participants, and increasing costs.		with all NLAs, process maps, and documents.								
6	Reduced wait times and improved operations in PSCs / Oskemen, KZ	Feb-08	Partner - FIPRO	Entrepreneurs using PSCs spent excessive time getting information about legal requirements for immovable property registration, re-registration of businesses, and land registration, because the procedures were unclear and information was available only from one desk inside one PSC. Entrepreneurs were required to individually write answers as the PSCs did not provide basic pre-prepared information.	BEI and FIPRO recommended that detailed information on the processes be transferred to the E-Akimat site to increase access and provide clear and consistent information about the processes.	The PSC director and Akimat agreed to the plan, and FIPRO developed a special web site for the PSC, showing all information on processes. This site is linked to all Oskemen E-Akimat physical access points, providing access through 20 public terminals (in addition to open web access). The availability of these services is widely advertised on a monthly basis in local newspapers and television, to increase knowledge and use.	Based on data from the Oskemen PSC, 1900 entrepreneurs each month used the services of the one info desk to inquire about these three procedures. Each inquiry took an average of 1 hour to complete, consisting mostly of wait-times due to the desk's heavy use. Pending validation, wait-times are expected to be eliminated, as most entrepreneurs will access the information online, or suffer minimal waits due to reduced crowding. An entrepreneur's average salary in Oskemen is estimated to be \$25/day or \$3.12/hour. Total estimated annual impact is then 22,800 * \$3.12 = \$71,136. GNIPC is an estimated .08%.	0	0	0.08%	\$71,136	Pending		
7	Provision of alternative submission means for electronic tax keys / Oral, KZ	Mar-08	Partner - Independent Association of Entrepreneurs of WKO	Kazakhstan electronic tax filing requires the registration of tax documents via special software and the writing of a final file called an "electronic key". This key was accepted by the Tax Committee of WKO only via 3.5" "floppy" disk. However, the poor quality of disks (80% of the time) and software (20% of the time) result in errors when writing the key, requiring a repeat of the 7-day process of document registration, and the additional costs for materials and preparation services.	BEI, IAEWKO, and Tax Committee of WKO in letter #124,084 of February 2, 2008, recommended that the Ministry of Finance and Center for Software Support accept electronic tax keys submitted via alternative mediums, other than floppy disks.	In March, in a letter from the Ministry of Finance Support Department, MinFin accepted the recommendation, indicated that floppy disks were the best medium per the 2002 law; however alternative mediums would be accepted.	Focus groups indicate 100% of the time writing the key requires repeated attempts, with an estimated average of 2.2 tries per success. Based on Tax Committee data, 31,704 entrepreneurs are affected by this problem, however some will choose to continue using 3.5" disks, discounting those affected by this change by 50%, to 15,852 entrepreneurs. Each attempt to submit an electronic key costs an average of 375 KZT (\$3.13) for the disk, agreement, and application forms. Each attempt also costs 7 working days for	0	15.4	9.75%	\$5,858,899	Pending		

							accountants to create and register the documents, at an average salary of \$30/day. 20% of failures will be unaffected by this change, as they stem from software errors. Total estimated impact for this change is $(15,852 * 2.2 * \$3.13) * .8 = \$87,324$ plus $(15,852 * 2.2 * 7 * \$30) * .8 = \$5,858,899$, or $\$5,946,223$ annually. Estimated GNIPC is 9.75%.						
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Kyrgyz Republic

No.	Initiative / City	Date Completed	Partner or Direct	Problem Details	Recommendations	Result	Impact Assumptions and Calculation	Reductions		% GNIPC	Total Impact (\$)	Monitoring Ratio	Attribution (WB DBI)
								Steps	Days				
1	Elimination of redundant inspecting body / Osh, KR	Dec-07	Partner – Southern Regional Union of Appraisers, Public Union “Young Lawyers of the South”	Decree No.274-p dated September 11, 2007, issued by the Vice Mayor of Osh City, empowered a commission within the Economic and Finance Department and Department for Entrepreneurship Development and Customers’ Rights Protection under the Osh Mayor’s Office to inspect alcohol wholesalers and retailers for the appropriate permits to sell alcohol commodities. This commission duplicated the inspecting functions of KyrgyzAlco, increasing burdens on local businesses and opportunities for corruption.	BEI’s partner, with the Osh Prosecutor’s Working Group, protested this decree, as it was in violation of Article 4 of the Law “On Protection of Entrepreneurs’ Rights” and Point 6 of the President’s Decree dated February 16, 2000, “On Measures to Improve State Regulation of Legal Entities and Individual Entrepreneurs”.	The Prosecutor submitted protest No.11-7d-1028-07 of November 11, 2007, resulting in the repeal of this decree and an elimination of the duplicate inspection powers.	According to statistical data from KyrgyzAlco and estimates from BEI partners, this decree impacted 816 wholesale and retail traders, requiring an average of 1 day time each in inspections, during which their business would be closed, losing an average of \$80 in business and incurring salary expenses of an average of \$40 for affected staff. The impact from the added opportunity for corruption cannot be easily estimated. Total estimated annual impact is therefore $816 * \$120 = \$97,920$, or an estimated 24.5% of GNIPC (\$490).	1	1	24.50%	\$97,920	100%	
2	Adoption of procedures for conducting impact analysis (RIA) / Bishkek, KR	Dec-07	Direct	Drafters of normative legal acts do not complete cost-benefit analyses. As a result, it is estimated that Parliament rejects up to 1/3 of all drafts submitted and the Government revokes many of its own NLAs when unforeseen implementation problems arise due to a lack of	To effectively analyze the impact of draft normative legal acts, BEI recommended, to the Investment Council under the President of the Kyrgyz Republic, the adoption of RIA to improve the quality and	The Government accepted BEI’s recommendations and issued Resolution № 603 on December 20, 2007, requiring impact assessment for draft normative legal acts.	The economic impact of this decision will be experienced through improved language and quality of NLAs, and as such this constraint does not have a separate estimated PR2 impact.	n/a	n/a	n/a	n/a	Pending	

				proper analysis of costs and benefits prior to adoption.	reduce implementation barriers.									
3	Elimination of illegal inspection of retail outlets in Bishkek / Bishkek, KR	Mar-08	Partner - Union of Entrepreneurs of Kyrgyzstan	Bishkek City Mayor's Resolution #1-pk dated January 18, 2008, instructed the heads of municipal districts to inspect small retail outlets for compliance with construction norms, permits, and tax patents. This Resolution was in violation of Article 63 of the Law "On Local Self-Governance" and Article 12 of the Law "On Procedures for Conducting Inspections of Businesses", which forbid local municipal and state administrations from being members of inspecting commissions or possessing inspecting powers. Resolution #1-pk greatly increased regulatory burdens on small retail businesses (kiosks and pavilions) and created additional opportunities for corruption.	BEI's partner, via their inspections protest hotline, funded by a BEI grant, learned of the illegal inspections, and protested the inspection activities of the Bishkek Mayor's Office directly with the Prosecutor General, requesting the Resolution be repealed and the inspections eliminated.	The Prosecutor General's Office concluded the Mayor's action violated the Law "On Local Self-Governance" and "On Procedures for Conducting Inspections of Businesses". In an official protest on March 18, 2008, the Prosecutor General instructed the Bishkek Mayor's Office to immediately eliminate the Resolution and to consider reprimanding the municipal district heads for authorizing, and participating in, illegal inspections.	According to data from the Bishkek Mayor Office's Department for Support of Entrepreneurship, this Resolution impacted 4,000 small retail outlets, requiring an average of 1 hour each for inspections, with an average of 4 inspections per year. During each inspection, business would be closed, losing an average of \$14 in business and incurring staff salary expenses of \$.70. Total estimated impact is therefore 4000 * 4 * \$14.70 = \$235,200. GNIPC is then 12%.	4	0.5	12%	\$235,000	Pending		

Tajikistan

No.	Initiative / City	Date Completed	Partner or Direct	Problem Details	Recommendations	Result	Impact Assumptions and Calculation	Reductions		% GNIPC	Total Impact (\$)	Monitoring Ratio	Attribution (WB DBI)
								Steps	Days				
1	Elimination of redundant licensing for gasoline sellers / Dushanbe, TJ	Oct-07	Direct	According to the Law "On Licensing of Different Types of Activities" gasoline sellers (including stations) were required to obtain redundant licenses - one from the Ministry of Energy and another from the State Technical Inspection.	BEI, the Dushanbe Centre for Support and Development of Entrepreneurship, and the World Bank submitted recommendations to the Government to eliminate this duplicate license. Recommendations were included in the BEI-developed package of 34 NLAs to harmonize laws with the 2006	Although these recommendations and amendments were adopted in May, 2007, only in October 2007 was this practice formally eliminated.	The official cost of a license from the State Technical Inspection was 280 TJS, and required 5 working-days to gather all documentation. According to statistics data from the Ministry of Economic Development and Trade, there are 783 gasoline sellers in Tajikistan. As this extra license was required after each annual State Technical inspection, eliminating the license will annually save	1	5	20.8%	\$63,547	pending	

					Licensing Law.		entrepreneurs 280*783=219,240 TJS (\$63,547 at 3.45 TJS/USD).								
2	Elimination and refund of illegal tax assessments / Dushanbe, TJ	Jan-08	Partner-National Association of Small and Medium Business (NASMB)	The Tax Committee issued orders #2/1282 of June 29, 2007, and #2/1680 of August 8, 2007, establishing new terms for calculating retail sales tax. The orders defined the subjects of the retail sales tax as all sales of products, whether retail or wholesale, to individuals or to businesses. This new tax definition contradicted existing national legislation and the orders also demanded retroactive taxes based on the new definition.	BEI and NASMB recommended the Tax Committee cancel the orders. After failing to receive a response, NASMB appealed to the Economic Court of Dushanbe to decide the issue.	On December 10, 2007, the Economic Court decided in favor of NASMB and cancelled the illegal orders of the Tax Committee. The Committee chose not to appeal and as of January 10, 2008, the orders were rescinded. According to the court's judgment, all illegally collected taxes must be returned.	During the period the illegal tax was in effect 5 members of NASMB each overpaid an average of 120,000 TJS, which must be returned. Direct economic impact is estimated to be 5*120,000=600,000 TJS (\$173,913). Estimated GNIPC is therefore 8,919%. Broader economic impact is expected as NASMB educates other counterparts on the decision and protective mechanisms.	0	0	8919%	\$173,913	pending	Paying Taxes		
3	Increased access to exit visas in GBAO / Khorog, TJ	Feb-08	Partner-Association "Milal-Inter"	GBAO is the geographically remote south-eastern corner of Tajikistan, in which entrepreneurs do much trade with China and as intermediaries between China and Afghanistan. To pass into China or Afghanistan they require exit visas from the Ministry of Foreign Affairs, located in Dushanbe. Ground and air links between GBAO and Dushanbe are poor and impose high travel costs on entrepreneurs.	With BEI support, Milal-Inter presented the issue to the CCC of GBAO, and directly to the local government, suggesting that exit visas be issued in Khorog. The Chairman of GBAO requested the President approve issuing visas and BEI supported raising the issue during the meeting with the President on December 25, 2008	In response to recommendations, the President ordered the Ministry of Foreign Affairs to begin issuing exit visas through their office in Khorog.	According to surveys performed by the "Milal-Inter" association, an estimated 500 GBAO entrepreneurs require exit visas each year. Each visa cost 600 TJS (\$174) in lodging and transportation to Dushanbe. Estimated annual impact for this change is 500*\$174=\$87,000. Estimated GNIPC is therefore 44.6%.			44.6%	\$87,000	pending			
4	Expansion of cross-border trade with China / Khorog, RT	Feb-08	Partner-Association "Milal-Inter"	Tajikistan's only land connection to China is via the Kulma pass, which officially began operation in 2005-2006, but due to Government decisions and weather, the post only operated for four months each year, and was frequently closed. Due to the irregular operation of the post, entrepreneurs incurred	With BEI support, Milal-Inter recommended expanding operations of the crossing to the CCC in GBAO, which recommended the Chairman resolve the issue. The GBAO Chairman brought the matter	In January 2008, the Government ordered that the Kulma post be maintained in operating condition 210 days a year, from May until November. BEI will collaborate with Milal-Inter and RTLC to promote	According to the State Statistics Agency and Customs Department of GBAO, the estimated volume of trade and the number of crossing is expected to triple. Due to a decrease of at least 14 days wait-time at the post, transportation fees are estimated to decrease significantly. The total savings in				TBD	pending			

				long wait times at the border and concurrent high shipping fees in transiting goods from China, and the overall volume of trade was greatly reduced.	directly to the attention of the President and BEI supported raising the issue during the December 25, 2007 meeting between the President and entrepreneurs.	effective implementation.	transportation fees and increased trade will be determined following validation in the summer and fall, and are TBD.								
5	Elimination of annual re-registration with the Tax Inspectorate / Khujand, TJ <i>(originally reported in 2006-2007 but not included in totals – included now due to updated validation and confirmed impact)</i>	Feb-08	Partner - Association of Entrepreneurs of Sogd Oblast, Association of Entrepreneurs of Panjshanbe Market, and Agrobusiness Association of Tajikistan	The Tax Inspectorate required entrepreneurs in Tajikistan operating under licenses to undergo a process of de-registration and re-registration annually.	The Association of Entrepreneurs of Sogd oblast, Association of Entrepreneurs of Panjshanbe Market, and Agrobusiness Association of Tajikistan, with assistance from the BEI Project, recommended elimination of this procedure in a letter No.34, dated February 19, 2007, to the Tax Department of Sogd Oblast. This problem was first raised unsuccessfully by the USAID TFI Project in 2004-2006.	The Tax Department of Sogd Oblast indicated in a reply letter of April 5, 2007, No.300-3/6-278, that starting from February 2007 this procedure is eliminated nationally, and associations facing this problem are requested to inform the Tax Department. During initial validation 30% of respondents indicate the tax inspectorate continued to levy additional payments during inspections so the impact was not included in 2006-2007 totals. Validation this period indicates the reform has been effectively implemented and the impact has been updated accordingly.	During the process of annually re-registration each entrepreneur was charged state fee of 20 TJS for a new certificate, 5 TJS for photos, and 1 TJS in transport costs. The process took 5 days, during which the entrepreneur could not operate. The State Statistics agency estimates the average daily income at 21 TJS, implying lost revenue of 105 TJS during the process. Each entrepreneur was also required to pay an illegal advance tax payment of 345 TJS, foregoing use of those funds for the year (at current interest rates of 18%, a loss of about 62 TJS between present and year-end value). In total the estimated cost to each entrepreneur during re-registration was 20 + 5 + 1 + 105 + 62 = 193 TJS per year. According to state statistics, in 2007 there were 37,270 individual entrepreneurs under certificates. Total savings for these entrepreneurs are estimated to be 37,270 *193 =7,193,110 TJS (\$2,085,000) According to statistics from ministries a minimum of 526 entrepreneurs	1	5	15.3%	\$2,223,740	100%			

							<p>were also required to reapply for their licenses due to receiving a new registration. Each new license incurred 30 working days delayed operation (630 TJS) and 280 TJS in fees, or an additional $526 * 910 = 478,660$, or about \$138,740. Total impact is estimated at \$2,223,740, or GNIPC of approximately 15.3%.</p>						
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U.S. Agency for International Development

Central Asia Regional Mission

41 Kazibek Bi Street

Almaty, Kazakhstan 050010

Tel: (+7 327) 250-76-12

Fax: (+7 327) 250-76-35

<http://centralasia.usaid.gov>